



Daily Report

Latin America

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Mercosur Presidential Summit Postponed

PY0212130693 Asuncion ABC COLOR in Spanish
2 Dec 93 p 15

[Excerpt] A high-ranking government source on 1 December confirmed the postponement of the presidential summit of the Mercosur [Common Market of the South] countries, indicating that it will now be held on 17 January in the city of Colonia, Uruguay. This meeting had been scheduled for 27 December, but was postponed at the request of Argentine President Carlos Menem, according to the official information obtained by this newspaper.

Carlos Menem (Argentina), Itamar Franco (Brazil), Juan Carlos Wasmosy (Paraguay), and Luis Alberto Lacalle (Uruguay), the chiefs of state involved in the creation of Mercosur, must hold a crucial meeting in order to decide whether the schedule for the common market will be maintained, with a beginning date of 1 January 1995, or whether to reprogram the schedule, if the existing obstacles to the commitment to free trade and tariffs which was agreed upon for the transition period ending 31 December 1994 are not cleared up.

According to the information provided by Mercosur's pro tempore secretariat, which has its seat in Montevideo, the schedule for the rest of the meetings remains firm; in other words, the Common Market Group will meet on 17 December, and the Council of Ministers will meet on 21 December. Both meetings will be held in Montevideo. [passage omitted]

'Difficult' Negotiations Cited

PY0212174093 Madrid EFE in Spanish 0856 GMT
2 Dec 93

[Article by Alberto Pepe Leira]

[Text] Montevideo, 2 Dec (EFE)—Difficult technical and diplomatic negotiations among Argentina, Brazil, Paraguay, and Uruguay are seeking to unblock the negotiations to establish a common import tariff within Mercosur [Common Market of the South], which is scheduled to be established before the end of the year.

Brazil's apparent desire to defend its production of capital goods and data processing products with a tariff above 20 percent is clashing with the wishes of the other Mercosur partners—Argentina, Paraguay, and Uruguay—which want a tariff of zero percent. The position of the three partners, which are more accustomed to open markets, revolves around the desire to choose from Brazilian suppliers, whose computers and capital goods do not compete adequately with other nations which have higher technological standards, or from other sources.

These disagreements have thwarted the round of negotiations at the economy vice minister level and represent a harsh blow to the Asuncion Treaty, in which the Mercosur is scheduled to go live within 13 months.

These disagreements have forced the postponement of the summit of Mercosur presidents scheduled for 22 December in Uruguay.

Brazil's slight easing on the issue has raised the possibility of holding the presidential meeting on 27 December, providing agreement is reached on the import tariff—the most controversial issue of the economic integration of the American Southern Cone.

In a last attempt, the experts will meet next week in Brazil to negotiate "in extremis," seeking to progress toward the goal of 1 January 1995, when economic borders must be eliminated.

Brazil will agree to drop the 10-percent import tariff, which does not include some goods which are considered "strategic" by Brazilian industry.

Uruguay and Paraguay are the most adamant that the import tariff must be zero, while Argentina is reportedly willing to negotiate a rate that does not exceed 5 percent.

Diplomatic sources in Montevideo have said that Brazil is considering a revision of its position.

However, Brazilian diplomatic sources have pointed out that their government is awaiting more positive signs from its partners, including an understanding of the internal situation which the formation of the common market is confronting.

Brazil wants its economic importance and its imperative need to preserve its industrial capacity to be considered because this could disappear without the protection afforded by tariffs on important productive sectors.

Some Uruguayan experts believe the main problem facing Mercosur is not the tariff situation; it is the task of making very different macro economies compatible.

Brazil is said to be protecting its industries while the other countries are reluctant to finance their inefficiencies.

It is becoming increasingly difficult to make compatible the closed economies that experience hyperinflation—like that of Brazil—with those with small inflationary price increases like Argentina, or intermediates like Paraguay and Uruguay.

To the extent that problems are emerging, there is growing belief that the lack of time to implement the Mercosur clashes with the political desire for integration promoted by the governments of the four countries.

Experts Urge Banning Toxic Waste Imports

PY0112143493 Santiago EL MERCURIO in Spanish
19 Nov 93 p C13

[Text] Experts from 22 countries of our continent, who are participating in the meeting called for by the Economic Commission for Latin America (ECLA) and the United Nations Environment Program (UNEP),

approved in Santiago on 18 November a recommendation that their governments implement a regional agreement banning the importation of all types of wastes that could be dangerous for the region.

They also called on the member parties of the Brasilea Agreement [not further identified] to totally ban this trade from industrialized countries to developing nations. "The dispatch of waste from First World countries for processing or recycling has been transformed

into a mechanism that in practice camouflages the uncontrolled and indiscriminate transfer of dangerous waste," the experts stressed.

The participants agreed in indicating that Latin American and Caribbean countries do not have the capability to process their own toxic wastes, thus making it very difficult for them to take charge of toxic waste from other areas.

Cuba

U.S. Government Warning to Alpha-66 Noted

PA0212142293 Havana Radio Havana Cuba in Spanish
1300 GMT 2 Dec 93

[From the "Morning Information Review" newscast]

[Text] The U.S. Government has strongly urged the Cuban community in the United States to discard the use of violence against Cuba and threatened legal action against those who attack or conspire to attack U.S. citizens with links to Cuba.

Acting U.S. State Department Spokesperson (Christine Shelly) said that threats against U.S. citizens or citizens from third countries are unacceptable and repugnant and that acts of violence may be punished by U.S. law.

(Shelly's) statements refer in particular to threats made at the beginning of November by the Alpha-66 paramilitary organization against tourists in Cuba. An Alpha-66 spokesman said the group would kidnap tourists in Cuba for ransom and also threatened U.S. citizens who travel to Cuba to protest the U.S.-imposed blockade against Cuba, which has been in force for more than three decades.

Alarcon, Delegation Travel to Guangdong Province

FL0212095993 Havana Radio Reloj Network in Spanish 1330 GMT 2 Dec 93

[Text] Ricardo Alarcon, president of the National Assembly of the People's Government, met yesterday with Chinese social groups as part of his one-week visit to the PRC. Alarcon, who heads the three-man Cuban delegation, met with leaders of the Chinese friendship with foreign countries association and visited several sites of interest in Beijing. Local sources have reported that the Cuban delegation visited a new technology exhibit aimed at showing the development of the provinces of that Asian country.

Shortly after arriving in Beijing, the Cuban delegation was received by Qiao Shi, chairman of the Standing Committee of China's National People's Congress. The Cuban guests today traveled to Guangzhou, Guangdong Province.

Jiang Zemin Thanks Alarcon

FL0212122093 Havana Radio Reloj Network in Spanish 1500 GMT 2 Dec 93

[Text] Chinese President Jiang Zemin today thanked Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], for the warm welcome he received from our people and Fidel during his recent visit to the island. Zemin said that the visit played a positive role in promoting cooperation between the two countries and added that the exchange of visits by leaders is useful in deepening mutual understanding. The head of the Cuban parliament described as highly significant the fact that his visit with Ziang Zemin was held immediately

upon Zemin's return to Beijing after his 12-day tour of the United States, Cuba, Brazil, and Portugal. The Chinese president also expressed to Ricardo Alarcon his condolences for the recent floods in the eastern sector of the country that resulted in 20 deaths and heavy material damage.

In evaluating the development of the bilateral ties between Cuba and the PRC throughout 1993, ANPP President Ricardo Alarcon said that it was a period of consolidation where the exchange of visits on all fronts surpassed even those of the 1960 period. The Cuban parliamentarian said that in 1994 the reciprocal ties will continue to be strengthened. Alarcon added that everything indicates that we are heading down a no-obstacle path that leads forward.

The ANPP president was also met with Jiang Zemin yesterday. At that time Zemin sent greetings to the commander in chief. Alarcon said that one of the reasons for his visit is to learn about the operation of other countries' parliaments.

Fidel, Raul Castro Receive Sports Delegation

FL0312031493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Dec 93

[Text] Commander in Chief Fidel Castro and Army General Raul Castro, second secretary of the Communist Party of Cuba [PCC] and Minister of the Revolutionary Armed Forces, are attending a ceremony, which began at 0000 GMT, to welcome and honor the athletes, who so brilliantly represented Cuba in the Central American and Caribbean Games of Ponce, Puerto Rico. Other PCC, state, and sports officials are also present at the ceremony

At the opening of the ceremony (Felix Sabon), escorted by the medalists (Victor Meza) and (Yodalis Rebe), returned to Fidel the same national flag he gave the delegation prior to their departure to head the competitions of the Cuban athletes in Puerto Rico.

During the ceremony, which has not concluded, the members of the Cuban sports delegation gave Fidel a diploma of recognition for being a source of inspiration to Cuban sports. Afterwards, Conrado Martinez, president of the National Institute for Sports read a report on the Cuban delegation's performance in Ponce.

Culture Minister Arrives in Mexico

FL0212122893 Havana Radio Reloj Network in Spanish 1507 GMT 2 Dec 93

[Text] On 2 December, Culture Minister Armando Hart affirmed that Cuba supports the artistic expressions of its citizens who are living abroad as long as they maintain a link with national principles, identity, and tradition. During a visit to the 7th Guadalajara International Book Fair, Hart pointed out that no one can deny that works of art with Cuban roots are produced abroad but that the coherence and bloodline remains among our

artists. The minister agreed that many artists have left Cuba for economic reasons or have been sent abroad by the government to provide technical assistance, and not only because of disagreements with the Cuban political system. Therefore, we have to keep in mind the circumstances.

Hart explained that a painting, poem, or song may be created outside Cuba but the coherence and bloodline are in Cuba, the source of Cuban culture.

Hart explained that the coherence of the principles of the Cuban culture and the identity and revolutionary tradition of our people are the primary source of Cuban artistic inspiration. Hart, who arrived on 1 December in Guadalajara from Chile, also spoke of the material limitations Cuba is experiencing in producing books and other publications.

Hart alluded to the close and deep contacts with Mexico where a large number of Cubans are working in coordination with the Culture Ministry and where there is strong interest in Cuban music and other joint efforts in that field. Hart also stressed the fact that Cuban specialists provide assistance to Mexico in certain important field and that strong ties are being established simultaneously with universities and similar institutions.

FAR Celebrates Armed Forces Day

FL0312023893 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Dec 93

[Text] [Announcer] Here is journalist Maria Gala, with exclusive reports for the "Exclusive" program on the production campaign waged today in Havana Province by fighters of the Armed Forces. Maria?

[Gala] Yes, thank you, and a good evening to listeners of the "Exclusive" program. Indeed, during this production campaign, Division General Ulises Rosales del Toro, who is a member of the Politburo and a member of the Armed Forces General Staff, conveyed a greeting to the fighters of the FAR [Revolutionary Armed Forces] during which he said:

[Begin del Toro recording] Well, I think, upon celebrating this 37th anniversary, of the great satisfaction we feel and (?that) it makes us extremely happy. Therefore, we convey warm greetings to all the members of the Armed Forces. It is optimism that characterizes the Armed Forces in these difficult times, to solve the problems related to combat readiness and to face all those jobs with which the Revolution tasks us so as to defend that Revolution and, in particular, defend the accomplishments of socialism. [end recording]

[Gala] During the ceremony—which was attended by officers, noncommissioned officers, civilian FAR workers, and workers from the CAI [agroindustrial complex], a group of organizations from the central administration received the banner declaring them Defense-Ready, Phase II.

Div. Gen. Ulises Rosales del Toro was also presented with a check for 43,000 pesos to help defray the expenses of the Association of Veterans of the Cuban Revolution.

In the closing speech, Iran Gonzalez, People's Government president in Havana Province, highlighted the close unity that has always existed between the FAR and the Cuban masses. In this regard, he said:

[Begin Gonzalez recording] That is what our people really are: simultaneously both workers and combatants. Just as it has become a daily occurrence to see a worker, a farmer of a rural area, a student, or an intellectual with rifle at the shoulder training at a firing range or a military training range or carrying out a combat mission, it has also become common to see a FAR or Interior Ministry soldier, cadet, or officer of any rank wielding a hoe or machete in a canefield. [end recording]

[Gala] The production campaign on the occasion of 2 December—Armed Forces Day—held in the canefields of the Habana Libre Agroindustrial Complex was attended by military attaches from different embassies accredited in Cuba.

Thank you very much. This is Maria Gala, for Radio Rebelde's "Exclusive" program. Good night.

Roundup of Politburo Members' Activities

FL0212083293

[Editorial Report] The following is a compilation of fileworthy reports on the activities of members of the Politburo of the Central Committee of the Communist Party of Cuba (PCC) carried on Havana radio and television in Spanish between 27 November and 2 December.

Alfredo Jordan, who presided over the first day of a national rice-growers meeting that was in session on 27 November, said in Sancti Spiritus Province that during 1994 Cuban agriculture will work toward substantially reducing state subsidies to the agricultural sector. (Radio Rebelde 1800 GMT 27 Nov)

Ulises del Toro Rosales and Pedro Ross attended a national ceremony held in (La Punta) on University Student Defense Day at which the nation's university students reaffirmed that the streets belong to the revolutionaries. Rosales del Toro conveyed to the students greetings from Army General Raul Castro. (Radio Rebelde 1800 GMT 27 Nov)

Jose Ramon Machado Ventura toured Holguin Province to inspect damage from the recent rains. He was given information on the measures that have been taken in this connection. Damage has been evaluated at several million pesos. (Cuba Vision Network 0100 GMT 29 Nov)

Jose Ramon Machado Ventura, Pedro Ross Leal, and Jorge Lezcano Perez attended the 7th Havana Health

Union Congress at Hermanos Ameijeiras Clinical Surgical Hospital where the role of the family doctor program was stressed. (Radio Progreso 1200 GMT 29 Nov)

Yadira Garcia attended the assembly of the Army's provincial staff in Matanzas Province. This meeting concludes the assessment process of the Communist Party of Cuba in the Central Army's large units and provincial staffs that began in August with base-level assemblies. (Cuba Vision Network 2320 GMT 29 Nov)

Maria del Los Angeles Garcia visited the technological center for higher education in Cienfuegos Province, where she praised the achievements of that center and other higher education centers in Cuba. (Radio Reloj 2052 GMT 30 Nov)

Maria de Los Angeles Garcia met Cuban athletes on their arrival at Jose Marti International Airport. (Cuba Vision Network 0100 GMT 2 Dec)

Abel Prieto met with radio announcers at the headquarters of the National Union of Cuban Writers and Artists in Havana to mark Radio Announcers Day. (Cuba Vision Network 0100 GMT 2 Dec)

Jose Ramon Machado Ventura toured Guantanamo flooded areas on 1 December, where he praised residents' efforts to recover from damages. (Radio Progreso 1200 GMT 2 Dec)

Measures To Stop Livestock Theft Urged

FL0312011593 Havana Radio Reloj Network in Spanish 2034 GMT 2 Dec 93

[Text] The Office of the Public Prosecutor in Holguin has urged livestock-raising enterprises and cooperatives in the province to adopt measures aimed at preventing the theft and illegal slaughter of large livestock, which occurs frequently and repeatedly.

* Commentary Views Negative Effects of Excess Currency

94CA0034A Havana TRABAJADORES in Spanish 25 Oct 93 p 2

[Commentary by Renato Recio; for related reporting see FIBS-LAT-211, p 10]

[Text] It is not hard to imagine what would have happened to our country's lowest-income groups if in response to the demise of socialism in Europe and the intensification of the blockade, Cuba had chosen the traditional formulas of economic belt-tightening: massive layoffs of workers, the decontrol of prices, which then skyrocket (rationing booklets are, of course, ruled out), and drastic cutbacks in social programs (health care, education, social security, etc.).

This is the purported solution that the so-called market economies offer, as they turn the entire society into one big black market, adjust a depressed supply to demand

under the rule of "every man for himself," remove most of the population from the ranks of consumers, and favor the privileged few.

By refusing to take this conventional road of economic belt-tightening, the Revolution, after three years of severe depression, has succeeded in maintaining most of its health indicators at high levels and in preserving the universal right to the benefits of education, these being the main accomplishments of our system.

Although it cannot be denied that personal consumption has declined strikingly, we can assert that the general indicators of living standards reflect neither the extent of the drop in production nor the depth of the recession.

But a recognition of the merits of the policy charted by the Revolution in this connection also demands that the people grasp this essential fact: the level of State expenditures continues to be much greater than the level of revenues that can be generated in the present economic situation, thus intensifying the excessive growth of money in circulation, which is already at very damaging levels.

Experts feel that a cumulative liquidity of about one quarter of the monetary income of the population in one year is normal. Estimates are that the liquidity in the Cuban public's hands is almost four times above this normal level.

It is obvious that this huge mass of excess money has an adverse impact on the effectiveness of production and the economical utilization of the scant available resources; impairs labor and social discipline; decreases the motivation to work, and lays the groundwork for the proportional growth of the black market and the criminal activities associated with it.

It is also obvious that the inflationary spiral could reach a point at which the measures that have already been taken would lose much of their potential to revive the economy.

All of these arguments make us realize that sweeping changes are needed in financial mechanisms and concepts, in an effort first to begin soaking up the excess money in the public's hands but also to help redefine Cuba's strategic model amid conditions in the world today.

Since we are bent on making decisions in the area of finance, which demands a great deal of understanding from the public, I feel that I have to pose several questions, primarily to set us thinking.

For how long can an economy that does not benefit from external loans tolerate a widening gap between what the State takes in and shells out?

Isn't it time now for every economic or social activity, in spite of the trying conditions under which it takes place,

to adhere to rigid financial discipline that bars inefficiency and aims at better results in costs, profitability, and contributions from profits to the national budget?

Should we continue to subsidize certain prices on the retail market instead of subsidizing the low-income individuals who need help?

Does it make sense for Cuba to continue being the exception, in the sense that it does not tax both the income and the profits of its citizens?

For how long can we hope to maintain the huge percentage of consumption that reaches the citizenry through social channels without consideration of how hard each person works or how much he or she contributes?

Doesn't it stand to reason that if an agency, an institution, a province, or a municipality feels that it must spend money, it should first seek a source of revenue before making the outlay?

Most Cubans support a society in which distribution is just and equitable, but we must all realize that unless we take the path of efficiency, we will not be able to perpetuate the welfare and wealth that is to be distributed.

*** Canada Tourism Agreements, Statistics Reported**

94CA0039C Havana GRANMA in Spanish 28 Oct 93 p 2

[Article by Jorge Luis Batista: "Tourist Agreement Between Canadian Hotel Chain and Cubanacan"]

[Text] Pilon, Granma Province—Commonwealth Hospitality, Ltd., one of Canada's largest hotel chains, has taken over the administration and marketing of the Marea del Portillo resort, operated by Cubanacan, Inc.

The initial 14-month contract, which may be extended for five or seven years, defines a business partnership for administration and marketing. It will guarantee an annual occupancy rate of 55 percent for the Marea del Portillo, the recently completed Farallon del Caribe, and the Villa Punta de Piedra hotels, in addition to other facilities.

Attending its presentation were 151 tour operators, travel agents, and travel reporters from that northern country who had arrived on the first flight made by Transat Airline, which will fly weekly between Manzanillo and Canada starting in November.

Maciques said that over 140,000 vacationers had come from Canada this year, and that Cuba is getting ready to welcome a million tourists from the island's first commercial partner in tourism in 1995, bringing in over \$1 billion in revenue.

He added that at the end of September, Cubanacan's foreign exchange income was up 41 percent over the

same period of the previous year, meaning that tourism continues to be the nation's second-ranking industry when measured on that basis.

Honorary Member

Abraham Maciques, president of Cubanacan Corporation, said that the corporation's admission to the Hotel Association of Canada (CHA) as an honorary member constituted recognition of the tourist boom in our country and a demonstration of solidarity with Cuba. The honor was announced at the international presentation of the Farallon del Caribe Hotel in Granma Province.

Membership in the organization, which is an association of all Canadian hotel chains, will provide a means of maintaining relations for the purpose of exchanging information, training personnel, and gaining knowledge and technical experience in the "smokeless" industry sector, Maciques said.

David McMillan, president of the organization's board of directors and vice president of Commonwealth Hospitality, presented the Cuban executive with a plaque commemorating the honorary membership in the CHA.

*** Consul Views Trade, Relations With Colombia**

94CA0034B Santa Fe de Bogota EL ESPECTADOR in Spanish 30 Oct 93 p 6-A

[Interview with Cuban Consul Omar Morales; place and date not given; first four paragraphs are EL ESPECTADOR introduction. For related reporting see FBIS-LAT-93-210, p 1]

[Text] Santa Fe de Bogota—For two years now Cuban Consul Omar Morales has been paving the way for relations between his country and Colombia. He is convinced that there could not be a better time for Cuba to join Latin America and for this reason he thinks that better times are ahead.

After building a new framework for trade between Cuba and Colombia, Morales is handing over his country's consulate, which is becoming an embassy by virtue of Colombia's decision to reestablish diplomatic relations with the island.

The consul mentions a group of Cuban investors who are working with Venezuelan and Colombian partners on a project in our country and announces that Cuban rum will be bottled in Colombia.

All of this is taking place alongside the political implications of renewed diplomatic relations between two countries that broke them off 12 years ago.

[EL ESPECTADOR] What does the reestablishment of diplomatic relations with Colombia mean politically to Cuba?

[Morales] It is a very important step for the two countries under the policy of integration that they are pursuing. The cornerstone of Cuba's foreign policy is integration with Latin America, and Colombia is one of the bastions in this process.

[EL ESPECTADOR] What can your country expect from the international community in this new stage of Cuban-Colombian relations?

[Morales] The fact that our country did not have diplomatic relations never stopped Colombia from maintaining one of the most steadfast positions regarding Cuba and from asserting in international forums that Cubans must solve their domestic problems themselves. This, if you wish, has been a confirmation of the dialogue that the presidents and foreign ministers of the two nations have carried on in recent years.

[EL ESPECTADOR] What were the foundations of this dialogue?

[Morales] Over the past two years there have been several meetings, such as the Ibero-American Summits, the Group of Three in Cozumel, the Rio Summit, and the most recent one when Fidel came to Cartagena. A wide range of issues was discussed at all these meetings...I do not think that a specific issue can be identified. In any event, a desire to exchange experiences and opinions has prevailed.

[EL ESPECTADOR] How advantageous is it for Cuba to have a trade partner like Colombia?

[Morales] Cuba is Colombia's biggest trading partner in the Caribbean because it wants many of your products, such as coal, machinery, pesticides, insecticides, hydrocarbons, etc. Colombia exports more than 80 items to Cuba. In 1992 trade stood at close to \$90 million, three-quarters of it Colombian exports.

[EL ESPECTADOR] What does Cuba sell to Colombia?

[Morales] Cuba exports close to 60 items to Colombia, mainly medications, vaccines, steels, electric cable, marbles, industrial benzines, laboratory reagents, and machinery.

[EL ESPECTADOR] What projects on the island have caught the attention of Colombian investors?

[Morales] There are tourism, industrial, and even agricultural projects.

[EL ESPECTADOR] What arguments would you use on Colombian businessmen to convince them that investing in Cuba is worthwhile?

[Morales] The first thing I would say is that nine of every 10 investors in Cuba return. We offer great conditions for foreign investment and an ideal location because we are between the two Americas.

[EL ESPECTADOR] Now for the other side of the coin. What arguments would you use to convince Cubans to invest in Colombia?

[Morales] I think that I would cite the same reasons. Investment in Colombia is very profitable. Right now we are looking into the possibility of investing in Colombia. Cuba is in a difficult economic situation, but this does not mean that we are not moving forward and that we are not optimistic about the future. Nor does it mean that we are not taking steps towards integration with Latin America through Cuban investments.

[EL ESPECTADOR] Which international economic setting would be best for Cuba?

[Morales] Personally, I would say that Cuba has two natural settings for integration. One is the Caribbean, but by tradition, trade ties, language, and cultural affinity, our most important setting would be the Group of Three and Central America.

* Santa Clara Prioritizes Food, Recreation

94CA0034D Havana BOHEMIA in Spanish No 38,
15 Oct 93 pp 40-41

[Interview with Santa Clara People's Government President Humberto Rodriguez by Susana Tesoro and Caridad Carrobello; place and date not given; first paragraph is BOHEMIA introduction]

[Text] The capital of a province is like its face and, for obvious reasons, sets its priorities: it bears the province's urban burden and, therefore, has to cope with bigger problems in terms of transportation, business, restaurants, and recreational spots. Santa Clara has 217,000 residents and 120,000 "transients." Compared with other municipalities in the country, however, it is admirable for the order of its public establishments, the cleanliness of its parks and avenues, and its varied answers to transportation problems.

We wound up wondering:

[BOHEMIA] How has this come to pass in the midst of an economic situation like the one today? Do they have Aladdin's Lamp?

The president of the Municipal People's Government, Humberto Rodriguez, replies:

[Rodriguez] Aladdin does not live in Santa Clara. What you see here is not the result of an accident or miracle. The real world forced us to order our priorities in accordance with the people's most pressing problems.

Given this premise, we put this central region's farm crops high on the agenda, and many got ready to support the "El Yabu" Miscellaneous Crops Enterprise, which is the main producer of food for the city, as well as others like Manacas, Cascajal, and areas of the "28 de Diciembre" farm. But after taking care of what we can get from the land, we had to impose discipline in distribution.

There are 13 People's Councils in the municipality, eight urban and five rural ones. These links in government have done a lot of good things, among them seeking out various sources of production in neighborhoods. We have created the Council of Consumers, which is made up of local residents themselves. They make sure that grocery stores, public markets, bakeries, and all the other services centers in the council's area operate properly. They are the eyes of the neighborhood. They even review the performance of shop clerks.

[BOHEMIA] What innovations have been tried in transportation?

[Rodriguez] We have tried job swapping to alleviate somewhat the critical conditions in transportation. We decided to bring personal and repair services closer to the neighborhoods so that there would be fewer passengers. We also reorganized urban transit and gave priority to places where demand was heaviest, such as factories, health-care institutions, and schools. Everything was adapted to the most convenient schedules.

[BOHEMIA] How are you keeping things clean if there is no money?

[Rodriguez] Who said that? People are the decisive element in this regard. In this city the employees of communities are very careful about their work and their tools. The people of Villa Clara prefer cleanliness and maintain it. Every day the main avenues are washed down with water, and there is a regular program for painting our main parks and bridges. This is a sector in which it often turns out that where there is a will there is a way.

[BOHEMIA] We have seen how during vacation time recreational programs have been established in educational, athletic, and even work centers. In other words, you are not just surviving; you are living and having fun. How are you managing this? Is this adversely affecting any financial area?

[Rodriguez] There may be problems in some financial area, but it is not because of the concern for meeting the population's basic needs. What we are doing is possible because in the current situation we have to set priorities, and when what comes first comes first, you cannot move on to number two. I personally think that relieving the daily "burden" of the citizenry is the essential thing, and this is what we are working on.

[BOHEMIA] In hotels, restaurants, and services you followed the example of Cienfuegos. How have you been able to consolidate the changes you have made?

[Rodriguez] In our case the basic element is the fact that all organizations are cooperating. The Board of Directors meets periodically. The working groups are monitored daily, and we take stock of what items we have, which are missing, and what solutions we can come up with.

In general, we have a program that emphasizes that each unit must open and close with products for sale, that

lines are to be formed with tickets and doormen, and that wholesale purchases have been eliminated. In the beginning we had some criticisms from the people about the latter, but people now realize that this is the best way to get rid of the speculators and to have products available for all. We have not adopted the method of reservations through the Committees for the Defense of the Revolution, the Cuban Workers Federation, etc. We are doing fine our own way.

[BOHEMIA] What about the existence of complex areas because of crowds and other social characteristics? Do they still exist?

[Rodriguez] In the areas surrounding Sandino Stadium, which used to be described as "la leonera" because of the drinking and fighting that used to go on there, the new facilities are still in operation, the tennis and basketball courts, the bicycle rental and repair shops, the snack bars, and countless other options for close to 110,000 people.

Along the boulevard we still offer people pastries, hamburgers, hotdogs, "caldosa," soft drinks, "rayado," water, teas, and coffee. Not only are we retaining these areas; we have expanded them and opened new ones.

[BOHEMIA] How is this possible, when the opposite is happening in many other areas of the country as snack bars and restaurants are closing?

[Rodriguez] If we had just sat there and done nothing, if had we become complacent and said "it can't be done," we would unquestionably have closed a lot of units. People cannot stop feeling challenged by resigning themselves, by taking the path of least resistance under the pretext of the special period.

Now that flour is running short, we make bread with tubers. Now that meat is scarce, we look for other ways to make sausage and hamburgers. There is no cheese or tomato on pizzas, but we put marmalade on it. If the ice cream melts at "Coopelia" because the power is off, we offer it as a shake. Some shops have even operated with flashlights so that they do not have to shorten their business hours owing to the blackouts.

To give you just one example, in August, in spite of the frequent power outages our sales were 280,000 pesos higher than in August of last year, and we had 230 more recreational activities.

I think that each region of the country has its own characteristics and complexities, but we here have shown that we can do it, that Cubans have an inexhaustible capacity to come up with solutions.

* Complainers Forget Situation Before 1959

94CA0034C Havana BOHEMIA in Spanish No. 38,
15 Oct 93 p 45

[Commentary by Susana Tesoro: "But Where Is My Buick?"]

[Text] Current times are both trying and upsetting because the country's very economic instability and all that it entails make us bitter and irascible at times. We would rather not stop to think or, above all, be defiant. So, the electricity was turned off; well, let us unplug the refrigerator and wait. So, the bus did not come; well let us walk and stop dreaming about "when I used to have gasoline and go for a drive."

All of this happens on the most superficial level of our thinking, because when we delve more deeply into what is going on, the deeper we dig, the more we realize that we are in the worst-case scenario but the best-case option. Let me explain.

Who are the majority of citizens of this country? Or rather, who were we before 1 January 1959? Where were we? In what town or neighborhood did we live? What did our parents do? Who were our grandparents? Who were the people who today make up the peasant class? The answer to all these questions is: We were nobody.

Few can say that they used to go to the Country Club or attend famous schools. This is why when I hear someone talk about the past and say "There used to be everything!" and "Havana was so well painted, beautiful, and shining!" I admit that they are not lying, but they are not telling the whole truth either. People at times grow a bit "cheeky" and idealize their past as if they wanted to wash away their family's poverty with a new version of history.

We all know that people are neither better nor worse off because they come from a poor or wealthy background. Life has furnished many examples of this. Yet I have noticed recently how a new way of talking about the past has been taking shape and at times I wonder: If all the peasants had land, if we were all property owners and led prosperous lives, why was there a Revolution that everybody supported?

I am not overlooking my own case. Under capitalism my father had a *Caficola* (that was what they were called at the time) on San Nicolas and Lagunas in downtown Havana. It was a sort of cafe where you could get a light meal, soft drinks, milk shakes, and whatever pastries existed at the time. Thanks to this little shop we never endured real hardship. But if I wanted to tell the tale another way, I could say: My father was a businessman who had a cafeteria-restaurant in downtown Havana, and we lived like rich people. This is the other side of the story, seen through rose-colored glasses.

In these stormy times in which we live there are, unfortunately for them, many dreamers who believe in the magic of starting a business and, with a wave of the wand, becoming rich. In this regard we should remember a scene from the Brazilian soap opera "Vale Tudo" [Everything Goes], when Fatima tells her mother: "Not everyone has the strength to go and sell sandwiches on the beach, and not everyone who sells sandwiches on the beach winds up owning a restaurant chain. What happened to you was a piece of luck, a one in a million shot."

This is the way it is, friends. Don't think otherwise, because the famous advertising slogan for one make of car that reportedly said: "You can own a Buick too" prompted millions of Cubans to ask: "But where is my Buick?"

*** Decree-Law Supports Havana Historical Area**

94CA0039B Havana GRANMA in Spanish 2 Nov 93 p 3

[Text of Decree-Law No. 143 establishing the Office of Historian for the City of Havana]

[Text] Fidel Castro Ruz, chairman of the Council of State of the Republic of Cuba:

Hereby declares: that the Council of State has resolved the following:

Whereas: in the year 1938, Dr. Emilio Roig de Leuchsenring founded the Office of City Historian, which was to enjoy autonomy and be responsible for fostering the culture of Havana and the nation and their international ties, thereby bequeathing to us the example of a tireless struggle to preserve the historical monuments of Havana and the assets found in the capital of the republic that constitute our national heritage;

Whereas: the existing Office of Historian of the City of Havana has heretofore not only continued the work of its predecessor, but embarked upon new tasks by acting as an investor in the restoration of the Historic Center of the City of Havana and its system of fortifications, which were declared a World Treasure at the 14 December 1982 meeting of the Intergovernmental Committee for Protection of the World, Cultural and Natural Patrimony held at the headquarters of the United Nations Educational, Scientific, and Cultural Organization (UNESCO) in Paris; and by expanding its sociocultural function beyond the framework of the Palace of Captains-General to include other buildings in the Historic Center, thereby gaining in prestige and recognition in Cuba and abroad;

Whereas: the restoration and preservation of the Historic Center demand priority, and inasmuch as it is essential, in order to accomplish these purposes, to expand the authority of the Office of Historian of the City of Havana and strengthen its position as a cultural institution having its own legal status so that it will have the proper authority in order, among other things, to enable it to obtain financial resources;

Whereas: it is undeniable that the preservation and restoration of the Historic Center will increase its attractiveness and ensure the harmonious integration of its cultural purposes with its economic interests in terms of the country's development, the restoration itself, and the social rehabilitation that will help strengthen the national and patriotic feelings of its inhabitants;

Therefore, in keeping with the powers conferred upon it by Article 90, paragraph c, of the nation's Constitution, the Council of State resolves to enact the following:

Decree-Law No. 143 Concerning the Office of Historian of the City of Havana

Article 1. For the purposes of this decree-law, the following terms are defined:

Historic Center: the area bounded by the old walls and the sea;

World Treasure: includes the Historic Center and the remaining fortifications on the Bay of Havana;

Zone granted priority for conservation: includes the World Treasure plus the walled expansion area as far as the Paseo del Prado, including its two sidewalks and the Park of Brotherhood;

Urban space: the public areas and land for government and social use and housing, as well as spaces not built upon and forming a compound.

Article 2. The Office of Historian of the City of Havana will have a place on the Council of State, which will be ultimately responsible for directing its activities.

Article 3. The Office of Historian of the City of Havana will have competence in the cultural field for all of Ciudad de la Habana Province. Its director will be the historian of the City of Havana, appointed and replaced by the chairman of the Councils of State and of Ministers.

Article 4. The City Museum and its departments will be subordinate to the Office of Historian of the City of Havana, along with departments to be determined by the historian of the City of Havana, the Enterprise for the Restoration of Monuments, and other entities deemed suitable for the social development of the Historic Center and the promotion of tourist and commercial activities.

Article 5. The Office of Historian of the City of Havana will consult whatever national organizations and institutions inside and outside the territory it deems necessary in order to perform its functions. It may also consult with international organizations and institutions when it so requires.

Article 6. The Office of Historian of the City of Havana will have the following principal functions:

a) to preserve the material and spiritual memory of the capital of the republic as an expression of national history, disseminating and honoring it by all natural and technical-scientific means and through its continuing action relating to these national assets;

b) to draft and execute plans to restore the priority zone and to oversee the preservation and restoration of historical values in the priority zone of the City of Havana;

c) to set up methods of financing the work of restoration;

d) to supervise activities relating to assets in the priority zone in which organizations in the zone engage for their preservation;

e) to promote sources of self-financing to be used for the restoration and preservation of the priority conservation zone, improve the living conditions of its inhabitants, support the functions of the Office of Historian of the City of Havana, and contribute to the country's revenue;

f) to arrange contracts with national and foreign entities, international organizations, nongovernmental organizations, and other duly credited individuals or corporations for the purposes set forth in this decree-law;

g) to open and use bank accounts in national currency and foreign exchange; and

h) to grant or refuse authorization for projects and the use of urban space in the priority area of conservation.

Article 7. In order to perform these functions, the Office of Historian of the City of Havana will:

a) import and export, buy and sell, and engage in other commercial operations;

b) enter into agreements with organizations and entities located in the priority conservation zone for the purpose of guaranteeing the suitable use of its historical assets;

c) direct the Enterprise for the Restoration of Monuments and other entities assigned to it; and

d) receive and use donations made to the Office of Historian of the City of Havana for the purpose of restoration.

Article 8. Entities found in the priority conservation zone but not under the Office of Historian of the City of Havana and its departments and that take in revenue in foreign exchange will contribute to its restoration and preservation with a percentage of their income, which they will pay to the Office of Historian of the City of Havana. Likewise, those obtaining revenue in national currency will also contribute to these purposes. In both cases, the percentage will be set by the State Finance Committee.

Article 9. The Office of Historian of the City of Havana will propose to the State Labor and Social Security Committees the minimum staffing and budget resources needed to perform the tasks entrusted to it.

Final Provision

The Office of Historian of the City of Havana will set forth the regulations needed to execute the provisions of this decree-law within a period of 90 calendar days following promulgation. The Office will also draft any other provisions needed to perform its tasks.

FBIS-LAT-93-231
3 December 1993

CUBA

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Signed at the Palace of the Revolution in the City of Havana on this day of 30 October 1993. Fidel Castro Ruz Chairman, Council of State

Haiti**MDN Leader Writes to UN Security Council***FL0212221993 Port-au-Prince Radio Metropole in French 1700 GMT 2 Dec 93*

[Text] Mobilization for National Development [MDN] leader Hubert De Ronceray wrote to the UN Security Council proposing a plan for a solution to the crisis. In a letter to the president of the Security Council, Professor Hubert De Ronceray indicates that the three major priorities of his party remain the definitive closing of the file on the negotiations regarding the return to power of Jean-Bertrand Aristide; the lifting of the economic sanctions and of the oil embargo; and the reactivation of the application of Article 149 of the 1987 Constitution.

[Begin De Ronceray recording] Time has come to release Haiti, time to free Haiti. The responsibility of the rights and economic duties of the states requires this. It is necessary to reassess the political and psychological file of Jean-Bertrand Aristide in the light of the facts reported at the United Nations and the scandals related by the international media. Our three great priorities remain: first, the definitive closing of the file on the negotiations for the return to power of Jean-Bertrand Aristide; second, the lifting of the economic sanctions and the oil embargo; third, the reactivation of Article 149 of the 1987 Constitution.

We are ready to pay our best attention to any political solution proposed by the UN Security Council if this solution totally excludes Jean-Bertrand Aristide and concludes with the lifting of the economic and oil embargo. [end recording].

De Ronceray Supports Proposal Excluding Aristide*FL0212121193 Port-au-Prince Signal FM Radio in French 1400 GMT 2 Dec 93*

[Text] Hubert de Ronceray [leader of Mobilization for National Development Party] is willing to consider any Security Council proposal for a solution to the crisis, provided that it totally excludes Jean-Bertrand Aristide and calls for lifting the embargo.

He expressed this position in an address to the United Nations Security Council. Reaffirming his criticism of Father Aristide and the attitude of the international community toward the Haitian crisis, Professor De Ronceray thinks it opportune to reassess Father Aristide's political and psychological file. The time for release has come, he pointed out to members of the Security Council.

No Vote of Confidence for Malval*FL0212120293 Port-au-Prince Signal FM Radio in French 1400 GMT 2 Dec 93*

[Text] In the Haitian parliament voices continue to be raised about the announcement of the resignation of

Prime Minister Robert Malval. Deputy Pierre Simeon Georges of PAIN [National Agricultural and Industrial Party], one of the parties represented in the government, asserts that Robert Malval showed no signs of life during his mandate. That government should not be there, he explains.

Meanwhile, Deputy Gerard Evans Beaubrun does not concur in this statement. He is withholding his opinion until 15 December. If Malval decides to stay, he must make a new statement of general policy and it is obvious that he will not receive the parliament's vote of confidence, Beaubrun asserted.

'Indigenous Army' To Mobilize 'Shock Troops'*FL0212233193 Port-au-Prince Radio Metropole in French 2000 GMT 2 Dec 93*

[Text] The clandestine organization called the New Indigenous Army [Nouvelle Armee Indigene, NAI] has assailed FRAPH [Revolutionary Front for Haitian Advancement and Progress]. The state as it is set up can no longer defend itself against the attacks of the terrorist central FRAPH, writes NAI in a note, adding, quote: Those thugs hired by the civilian-military mafia, have subjugated the institutions, notably the Army and the judiciary. [no end quote as heard] The clandestine organization notes that FRAPH members engage in all kinds of excess in order to establish in blood the basis of a new macoute militia aimed at hampering the establishment of the constitutional police force. The NAI intends to extend its resources in order to nip in the bud such plans. The organization says that its guns will very soon confirm that it will have put shock troops [unite de choque] into operation toward that end.

'Violent' Explosions Heard in Petion-Ville*FL0212115893 Port-au-Prince Signal FM Radio in French 1400 GMT 2 Dec 93*

[Text] Violent explosions occurred last night in the Petion-Ville suburb. Late last night, three very high-power blasts created great fear in the residents of Petion-Ville hill. The cause of the explosions is unknown; there is no report of victims. Our information came from an area resident who wished to remain anonymous.

St. Kitts and Nevis**Governor General Declares State of Emergency***FL0212233693 Bridgetown CANA in English 1922 GMT 2 Dec 93*

[Text] Basseterre, St. Kitts, 2 Dec, CANA—Following is the full text of Thursday's broadcast by governor general of St. Kitts-Nevis, Sir Clement Arrindell, declaring a state of emergency, in the wake of street disturbances to protest his appointment of Dr. Kennedy Simmonds as prime minister of a minority coalition government following Monday's general elections.

"Fellow citizens of St. Christopher and Nevis. Yesterday I spoke to you through this medium and told you of the steps I was taking to put a new government into place following the conclusion of the recent general election. I told you that in my own best judgement I was satisfied that I could appoint the Peoples Action Movement and the Nevis Reformation Party to form such a government. One of the factors operating on my mind was that Mr. Vance Amory, leader of the Concerned Citizens Movement of Nevis had given me his word of honour and firm assurance of the party's intention not to give his support to any of the political parties on St. Kitts.

"I know as a fact that he also told this himself to the said two parties. In spite of this, it is my understanding that the leadership of the St. Kitts Nevis Labour Party is making their followers to understand that I as governor general have deprived the Labour Party of an opportunity to join with Mr. Amory's party in Nevis to form the next government. This is a flagrant lie and it is known to be a lie apparently only by the leadership of the Labour Party. Notwithstanding a promise given to me by both Dr. Douglas, leader of the St. Kitts Nevis Labour Party, and Mr. Lee Moore that they will get their followers to desist from their unlawful assemblies in the public streets, the situation in the public streets seems, if anything, to be getting out of hand.

"In accordance with the relevant laws of Saint Christopher and Nevis and more particularly under provisions of Act Number 15 of 1967, and Section 19 of our Constitution, I have decided to proclaim as from midday today, a state of emergency throughout the island of St. Christopher, which said emergency will last for 21 days in the first instance.

"I implore all of our citizens to so conduct themselves as not to make a bad situation worse. I am satisfied that action has been taken by certain persons of such a nature and on so extensive a scale as to be likely to endanger the public safety and to deprive the communities or a substantial portion thereof, of services essential to life, safety and liberty. Good day. God bless you all."

Demonstrators Attack Government Headquarters

*FL0312001093 Bridgetown CANA in English 2113
GMT 2 Dec 93*

[Report by Von Southwell]

[Excerpts] Basseterre, St. Kitts, 2 Dec, CANA—Uneasy city businessmen put up storm shutters and left early for home. Housewives stocked up on foodstuff wherever

they found an open supermarket. And helmeted policemen with automatic weapons and bullet-proof vests patrolled the streets.

These were the scenes in Basseterre, the St. Kitts capital, as people prepared for a dust-to-dawn curfew triggered by unrest Thursday. Early Thursday, hundreds of demonstrators attacked government headquarters and police guarding the building as they protested installation of a minority coalition government headed by Prime Minister Kennedy Simmonds.

General elections on Monday [29 November] produced no clear winner as both major St. Kitts parties, Simmonds' People's Action Movement (PAM) which has been in power for the past 13 years, and the St. Kitts-Nevis Labour Party (SKNLP), each picked up four seats. [passage omitted] Labour, arguing that people here voted for change and that it received a higher percentage of Monday's vote, has been calling for fresh elections. After the party's call Wednesday night for a shutdown of the country, hundreds of its supporters started gathering outside government headquarters from early Thursday, behind a barbed wire barricade the police erected. Under attack from bottles and stones, the police used teargas to disperse the crowd. Hospital sources said at least 18 persons, including three policemen, were injured in the clash.

The police also reported some damage to vehicles and city store fronts as well as some looting. Police Commissioner Derrick Odesa Thompson said the force would take "very firm action to ensure the maintenance of law and order". He said he hoped that better sense would prevail and the groups on the streets would disperse.

St. Kitts and Nevis governor-general, Sir Clement Arrindell, Thursday midday declared a state of emergency on St. Kitts after the clash. [passage omitted]

Regional Security Group Considering Situation

*FL0312002793 Bridgetown CANA in English 2226
GMT 2 Dec 93*

[Text] Bridgetown, Barbados, 2 Dec, CANA—The Regional Security System (RSS), the Barbados-based mutual defense pact linking most Commonwealth Caribbean countries, is deciding how it should respond to the situation in St. Kitts-Nevis where a state of emergency was declared Thursday. In making the disclosure, Barbados Prime Minister Erskine Sandiford said he was on the telephone Thursday with just-reappointed St. Kitts-Nevis Prime Minister Kennedy Simmonds, who asked for Barbados' support. "He's looking for support of any and everyone in terms of what he considers to be a breakdown of law and order in St. Kitts and that is what we're looking at," Sandiford told reporters.

The state of emergency was declared by the St. Kitts-Nevis governor-general after demonstrators, protesting the appointment of a minority coalition government led by Simmonds, clashed with police.

Sandiford said an RSS military force was an option, and that he had been discussing a possible response with the RSS and his cabinet. "It is always an option; whether it is a realistic one, is what we will have to discuss and decide. At this particular point, no decision has been taken on the St. Kitts issue in relation to the RSS.

Considerable discussions have been taking place as to what would be the appropriate response," Sandiford told reporters. He said he would further discuss the matter with the cabinet.

The Regional Security System was set up in 1981 and was activated in the 1983 military intervention in Grenada. An RSS command and communications centre was opened in Barbados last year on the Paragon Base of the Barbados Defence Force. Its chairperson is Dominica Prime Minister Dame Eugenia Charles.

Salinas on Surmounting Obstacles to NAFTA

PA0312024993 Madrid EFE in Spanish 0117 GMT
3 Dec 93

[Text] Mexico City, 2 Dec (EFE)—President Carlos Salinas de Gortari today voiced his happiness because all the obstacles to NAFTA, which goes into effect in January 1994, have been overcome.

"Today it took shape, all the steps have been concluded as planned, and we are moving forward," Salinas told a group of journalists during a impromptu news conference held at the official Los Pinos Presidential Residence.

Salinas de Gortari seemed happy about the announcement by Canadian Prime Minister Jean Chretien that he will promulgate the trilateral trade agreement in his country before 1994.

Meanwhile, Jaime Serra Puche, commerce and industrial development secretary, reiterated that Mexico, the United States, and Canada today agreed on solutions to the controversy on subsidies and disloyal commerce introduced by the Canadian side. The agreements reached, which included establishing technical commissions to study commercial controversies and submit its conclusions in 1995, were part of the original NAFTA text.

"The agreements do not mean a reopening or redefining of any of the treaty's text," Serra Puche explained.

The official also announced breakthroughs were achieved in the NAFTA negotiations among the members of the Group of Three (Colombia, Mexico, and Venezuela), which are currently taking place in Cartagena de Indias, Colombia.

PAN, PRD Protest U.S. Spokesperson Remarks

PA0212223593 Hamburg DPA in Spanish 1913 GMT
2 Dec 93

[Excerpts] Mexico City, 2 Dec (DPA)—Mexico's two largest opposition political forces, the National Action Party (PAN) and the Democratic Revolutionary Party (PRD) have angrily protested what they consider inadmissible U.S. interference in the Mexican political process. Recent remarks by U.S. State Department spokeswoman [title as received] Dee Dee Myers prompted this criticism. Myers virtually took for granted that the next president of Mexico will be Luis Donaldo Colosio, the candidate of the ruling Institutional Revolutionary Party (PRI).

PAN President Carlos Castillo today described these remarks as "unfortunate" and rejected the U.S. Government position as "inadmissible." In a PAN communique, Castillo noted that Myers' remarks show that "in Washington, there is no capacity for accepting that there can be democratic competition in a country like Mexico." "Mexicans are surprised to learn that the State

Department has more respect for Haitian than for Mexican democrats," the opposition leader charged, recalling that PAN is currently ruling 13 million Mexicans. [passage omitted]

In addition, PRD president and controversial senator Porfirio Munoz Ledo described as "subservient" the position adopted by various Mexican and international media by making it a foregone conclusion that Colosio will win the presidential elections.

Colosio's designation as PRI presidential candidate, announced on Sunday, prompted a great display of propaganda in the country's media, which the opposition accuses of pro-government partiality. Although several political commentators predict a very tough race between Colosio and Cardenas [PRD presidential candidate], the PRI candidate has national electoral statistics in his favor. According to these statistics, the PRI's candidate has not lost a presidential election in Mexico in the last 64 years.

Colosio Termed 'White House's Candidate'

PA0212231393 Madrid EFE in Spanish 2001 GMT
1 Dec 93

[Text] Mexico City, 1 Dec (EFE)—Carlos Castillo Peraza, national leader of the opposition National Action Party (PAN), said today that Luis Donaldo Colosio, the ruling Institutional Revolutionary Party (PRI) presidential candidate, "is, in reality, the White House's candidate."

"Colosio's nomination denotes the PRI's meager democratic capabilities, and the fact that he is the White House's candidate is proven by the messages received from Washington praising the ruling party's candidate," Castillo Peraza told reporters. The presidential election will be "a true battle against the system and its party (PRI)-government machinery; it will not be a struggle between individuals but between parties against the current political system," he said.

Meanwhile, Porfirio Munoz Ledo, president of the opposition Party of the Democratic Revolution (PRD), criticized the news media's dissemination of Colosio's nomination as the PRI candidate. He described the PRI use of the news media as abusive, adding: "How can it be that we know even the color of the toenails on Colosio's right foot, while the opposition candidates are not even allowed to express their views."

Munoz Ledo also complained that the Mexican and international news media "are taking for granted that the PRI candidate will win the presidential elections" in 1994 although Colosio's political campaign has not yet begun. "To take for granted that Colosio will be president and will continue the policies and reforms undertaken by current President Carlos Salinas de Gortari is a servile attitude," said Munoz Ledo, who is also a senator for the PRD. "The PRD is going to demand that equal time be given to all the parties and that the opposition

parties be given an opportunity to express their views and positions concerning the country through the mass media," Munoz Ledo added.

Colosio's pre-candidacy was announced last Sunday.

The presidential elections will be held in August 1994, the winner will take office on 1 December 1994 and will remain in power until the year 2000.

'Solidarity' Satellite To Air Medical Programs

*PA0312004593 Mexico City NOTIMEX in Spanish
0010 GMT 28 Nov 93*

[Text] Mexico City, 27 Nov (NOTIMEX)—Operation of the Mexican Solidarity [Solidaridad] satellite will enable the Health Secretariat to send programs to similar institutions in all of Latin America, the United States, and the Caribbean.

The programs will be broadcast by the Center for Health Education by Television [Centro de Educacion de Salud por Television—Cemesatel], an institution under the supervision of Luis Torregrosa y Ferraez, general director of the Mexico City General Childrens' Hospital. Torregrosa y Ferraez believes that the Solidarity satellite will be very useful for the medical community because it fosters a unified medical criteria among Latin American doctors for continual medical training. He also added that the number of receivers will increase (from 220 to 267 in the whole of Mexico, Honduras, Guatemala, Bolivia, and Colombia) and the quality of the broadcasts will be enhanced.

During the conclusion of 1993 Cemesatel activities, the director highlighted that the Solidarity satellite will have a telemedical [telemedicina] program for this center. The satellite will transmit 36 programs in which 16 health institutions will take part, as well as 34 sessions of clinical pathology presented by the Childrens' Hospital.

Costa Rica

Legislature Recesses Until After Feb Elections

PA0212234993 Panama City ACAN in Spanish 0023
GMT 2 Dec 93

[Text] San Jose, 1 Dec (ACAN-EFE)—The Costa Rican Legislative Assembly began a recess, which will last two and a half months today, Wednesday. President Rafael Angel Calderon did not call a "special" session and, thus, the Legislative Assembly will not meet again until after the 6 February general elections.

The Executive Branch decided to postpone the call as it considered that the pre-electoral political climate is not "the most appropriate one" for deputies to debate the approval of bills at the plenary.

Federico Vargas, the leader of the opposition National Liberation Party bloc, criticized the government and said that this argument is "superficial." Vargas said: "It seems to us that it is too long" for parliament to have a two and a half month recess and added: "We could have tried to approve one or two more bills."

For his part, Ovidio Pacheco, the leader of the governing Social Christian faction, said the Executive Branch decision was "appropriate" because the parliament had become "a spectacle" with political arguments and the deputies of the majority factions exchanging charges. Pacheco added that not only is there an inappropriate climate to study bills in parliament, but the legislators are also increasingly giving their full attention to their parties' political campaigns as the election date nears.

Poll Indicates PLN, PUSC Candidates Virtually Equal

PA0312002993 San Jose LA NACION in Spanish
23 Nov 93 p 5a

[Report by Ronald Espinosa]

[Text] Jalisco never loses. Both the PUSC [Social Christian Unity Party] and the PLN [National Liberation Party] view very favorably, from their vantage point, the results of the latest poll by Developing Interdisciplinary Consulting [Consultoria Interdisciplinaria en Desarrollo—CID].

The polls indicate that PUSC candidate Miguel Angel Rodriguez cut the 6.3 percent advantage PLN candidate Jose Maria Figueres had over him. Now the difference is only 1.9 percent.

The poll released on Monday by LA REPUBLICA newspaper and the Univision Channel 2 television news-cast shows Figueres has the support of 35.7 percent of the people interviewed and Rodriguez 33.8 percent. CID (linked to Gallup International Research) interviewed 1,154 Costa Ricans over 18 years of age, both in the field and by telephone.

Despite the fact the poll shows that the electoral forces tend to even out, both candidates have said that they will gain majority support before 6 February. Figueres reckons that despite the reduction the PLN has become consolidated because it leads the PUSC by 9 percentage points, which to his thinking represents an advantage of between 180,000 and 190,000 votes and will allow him to win.

Rodriguez, on the other hand, said: "The poll indicates what we have been saying all along that while Figueres drops the PUSC movement has been growing for months." Rodriguez said that being on the same level had been his original goal and that in the future he hopes polls will favor him.

The poll, taken between 13-18 November, has a 2.8 percent margin of error and a 95 percent margin of confidence. This means that there is a 95 percent possibility that results could be 2.8 percent more or less of what they were had all Costa Ricans of voting age been interviewed. This means there is possibly no difference between candidates.

El Salvador

FMLN Spokesman Comments on Onusal Extension

PA0312000793 Panama City ACAN in Spanish 2346
GMT 30 Nov 93

[Text] San Salvador, 30 Nov (ACAN-EFE)—Today, the former guerrillas said that the UN Security Council decision to extend the mission of Onusal [UN Observers for El Salvador] in El Salvador until 1994 reflects its "concern" over the increasing political violence.

Juan Ramon Medrano, official spokesman for the Farabundo Marti National Liberation Front (FMLN), told ACAN-EFE: "I believe Onusal is a springboard that should remain for an even longer period of time—perhaps another year—to guarantee a peaceful transition process.

Today the UN Security Council approved unanimously a resolution extending Onusal's work until 31 May 1994, condemning the recent acts of violence, and expressing its support for an impartial and creditable investigation to be carried out promptly.

On 25 and 30 October, former FMLN commanders Francisco Velis and Heleno Castro, respectively, were shot to death by presumed "death squads," which caused uncertainty about compliance with the "exemplary" peace process under way in this country. The uncertainty was aggravated by the murders of four members of the right-wing government party ARENA [Nationalist Republican Alliance].

UN Under Secretary General Marrack Goulding visited El Salvador from 8 to 15 November in an attempt to form a special commission to investigate "clandestine

armed groups." The commission has finally been formed with two government representatives and members of Onusal and the Human Rights Ombudsman's office.

Medrano noted: "The United Nations should be concerned because right-wing groups are still seeking to attack and weaken the FMLN in light of the 1994 elections."

The special investigative commission might begin its work in January, but according to the FMLN, it should conclude its work before 20 March, when the general elections will be held.

Guatemala

Government Asks Army To Counter FMLN Actions

PA0312000893 Guatemala City PRENSA LIBRE in Spanish 30 Nov 93 p 8

[Text] Yesterday, Government Minister Arnoldo Ortiz Moscoso asked the Army to increase the number of soldiers to support the security of citizens and counter the actions of former Farabundo Marti National Liberation Front (FMLN) combatants. In a news conference, the official said that currently the National Police have the support of military forces, but it is necessary to increase security in outlying areas. This, he added, would help authorities control former FMLN members, who are now engaged in kidnapping activities.

Ortiz Moscoso indicated that the former combatants engaged in kidnapping activities some months ago, adding that their victims have reported that they carry heavy-caliber weapons, such as rifles that were probably used in the war in their country, which ended last year. In addition, Ortiz Moscoso explained that the criminals are well-trained to carry out kidnappings because they use special equipment. He said they have received military training or have participated in armed confrontations in several Central American countries, where the "war tax" policy is practiced.

The National Police are experiencing several disadvantages, one of which is that the family of the kidnapped individual does not report the incident. He added they practically become involuntary collaborators, and out of fear that the victim will be injured in a rescue operation, they prefer not to disclose details.

When asked if the military is responsible for the entry of former Salvadoran guerrillas, the government minister said that this is due to the vulnerability of the borders and in Guatemala there are areas without control. "Crime is not going to end today, tomorrow, or the day after; it is a task that takes years because we are experiencing the consequences and results of a part of our history, that was characterized by violence. Additionally, it is part of the social and economic problems," Ortiz Moscoso asserted.

Trafficking of Weapons from El Salvador

Meanwhile, Defense Minister Mario Enriquez Morales said they will investigate the presence of former FMLN combatants in the country (he cannot assert this is true), but he acknowledged that Salvadoran guerrillas engage in gun running in Guatemala.

Nicaragua

Chamorro Returns, Comments on Meeting With Clinton

PA0212153193 Managua Radio Nicaragua Network in Spanish 1100 GMT 2 Dec 93

[From the "This Morning" newscast]

[Text] President Violeta Barrios Chamorro said upon returning from the United States that President Bill Clinton had assured her that the \$40 million will arrive in Nicaragua as soon as possible, by January at the latest. Dona Violeta clearly reaffirmed that she is not under any pressure from the United States to change the course Nicaragua has taken. We Nicaraguans, she said, must make our own decisions. She stressed that she will not tolerate the interference of any country.

[Begin Chamorro recording] I must thank the Nicaraguan-American Chamber for this warm welcome because it is indicative of the solidarity between the Nicaraguan Government and people. I thank all the friends who are here today to welcome me.

I can tell you that after participating in the [word indistinct] conference with investors and heads of state and after having breakfast with President Clinton, I have confirmed what I always thought: Cordiality and dialogue are our essential resources for strengthening democracies. In Miami I had an opportunity to talk with heads of state and businessmen who are interested in the region, and also with representatives from the U.S. Congress Foreign Relations Committee and ranking AID [Agency for International Development] officials.

I believe the talks I held on Monday in Miami with my friends from the Foreign Affairs Committee, Chairman Lee Hamilton and Minority Leader Benjamin Gilman, helped to create the positive atmosphere I found on Tuesday morning in Washington during the two and one-half hour working meeting between the Central American presidents and the Belizean prime minister with President Bill Clinton.

As you know, I received the good news about the economic aid after meeting with Clinton. Clinton said he wanted to tell me personally that the U.S. Government had decided to release the aid to Nicaragua that had been frozen. I told him that God would repay him and that I had been expecting that good news because I had never lost faith. I expressed the hope that all the paperwork that is required for the disbursement will be done as promptly as possible so I can take the good news to the

Nicaraguan people who so need it. I also told President Clinton that Nicaragua requires exceptional treatment and urgently needs him to exert his influence so Nicaragua can receive loans from international organizations.

At a news conference I attended with my Central American colleagues and the Belizean prime minister, President Clinton announced his decision to release the aid to Nicaragua. He acknowledged the progress my government has made in such areas as human rights, the consolidation of democracy, and the fair treatment of individuals whose properties were confiscated.

The U.S. Government's decision should encourage every Nicaraguan to continue the effort to achieve an economy that is healthier, more productive, with more exports, and that is more integrated with the rest of Central America. As President Clinton said, Central America aspires to enter into a broader free trade as soon as possible.

The release of U.S. funds to Nicaragua should also serve to make my government and the political forces promptly reach the national agreement desired by every Nicaraguan before the year ends so we can begin 1994 with hope for the future. The release of the aid pleased me very much, and I believe it also pleases the Nicaraguan people.

I must also tell you that my Central American colleagues, the Belizean prime minister, and I also informed the U.S. President of other important issues for our countries. We pointed out that this is not the time to decrease foreign cooperation to Central America, least of all to Nicaragua. We made him see that this is the time to maintain and increase U.S. cooperation with our countries because democracy is not a matter of simply holding periodic elections.

We also discussed our interest in the North American Free Trade Agreement [NAFTA] and the Caribbean Basin Initiative. We Central American presidents support NAFTA, but we must also ensure that our bilateral agenda with the United States is not affected by that agreement. [end recording]

UNO Extends Term for Reform, Legislature Majority

PA0212141693 Managua Radio Nicaragua Network in Spanish 1100 GMT 2 Dec 93

[Communique issued by the National Opposition Union, UNO, National Political Council in Managua on 1 December; from the "This Morning" newscast]

[Text] The National Opposition Union, UNO, informs the Nicaraguan people and the international community of the following:

1. On 30 October, the UNO National Political Council agreed to the following: The 10 parties forming UNO will promote reforms to the Constitution based on the Constitutional Reform Draft Bill presented by the UNO legislative wing in 1991, and UNO must recover parliamentary majority and control of the National Assembly Board of Directors. All of the above should be accomplished before 30 November 1993. Should the aforesaid objectives not be achieved, the 10 parties forming UNO will call for elections for a Constituent Assembly.

2. In keeping with the aforementioned accord, in November the UNO parties promoted reforms to the Constitution and worked to recover the UNO majority at the National Assembly.

3. The UNO Commission that met with the FSLN [Sandinist National Liberation Front] Commission presented a package of reforms that are acceptable in general terms, with some exceptions and additions, to bring it in line with the UNO Government Program.

4. UNO, however, did not recover a parliamentary majority, nor did it replace the current illegal National Assembly Board of Directors.

5. Nonetheless, to seek a solution to the present conflict, we extend the period to achieve the aforesaid objectives to the end of the present legislature so UNO can regain a majority in the National Assembly and new elections for the Assembly Board of Directors can be held. Once this is approved, constitutional reforms will be introduced, discussed, and approved with UNO's support. These reforms will definitely be approved in the next legislature, on 15 February 1994 at the latest.

6. Given the above, if our demand is not met in the established period of time, the 10 parties forming UNO commit ourselves to calling for a Constituent Assembly to resolve the institutional problem facing the country.

[Issued] Managua, 1 December 1993

National Opposition Union, UNO, National Political Council

Argentina

Menem, Cavallo Visit to Japan Viewed

PY0212192193 Buenos Aires PAGINA/12 in Spanish
1 Dec 93 pp 6, 7

[Article by Ernesto Tenenbaum in Tokyo]

[Text] A high-ranking source of the delegation that accompanies President Carlos Menem in this city reported yesterday that the Argentine Government will be subjected to strong political pressure from Japan. During a meeting with Prime Minister Morihiro Hosokawa tomorrow, Carlos Menem will probably become acquainted with the Japanese desire for Argentine support to expand the UN Security Council, which Japan has never joined because it fought against the allies during World War II. This issue represents a problem for the Argentines because the United States is opposed to such a change as it would reduce its influence within the United Nations. The same source added that Argentina has given some guarantees to the United States on this issue.

Carlos Menem arrived at the five-star hotel where he is staying in the city of Tokyo aboard a limousine that headed a long motorcade of about 20 black latest-model vehicles used by the Argentines. At the hotel's lobby, Menem met Economy Minister Domingo Cavallo who had just arrived from Taiwan. [Argentine impresario] Guillermo Alchouron passed between them. Cavallo greeted him and the president joked: "Here is Okita Junior (hinting at the ties that Alchouron established in Japan with the Okita Foundation and the deals that he may strike through these ties)." Cavallo was notably relaxed. He warmly greeted [Mint President] Armando Gostanian, who lost two of his half dozen suitcases in the trip, and praised Felipe Sapag, saying: "You are a good senator."

The hierarchical order in the group may be perceived even when they sit down for coffee. In the middle, obviously, sits Carlos Menem. To Menem's right, sits Domingo Cavallo. To Menem's left, sits Armando Gostanian until Zulemita [Menem's daughter] arrives and drags up another chair for the mint president. [Buenos Aires Governor] Eduardo Duhalde usually prefers not to enjoy these banquets. The invited senators, Alchouron and Maria Eva Gatica, a presidential adviser and the daughter of a renown boxer, respectively, sit further back while Aldo Roggio, Sergio Einaudi, and Sebastian Bago—the most powerful of the group of Argentine entrepreneurs who have arrived in Tokyo—are not even visible.

The Japanese pressure with respect to the expansion of the UN Security Council, whose initial signal has already been received by Ambassador Sanchiz Munoz, reflects the changes being experienced in the island of miracles [Japan]. The UN Security Council—whose members have a right to veto any UN resolution—comprises the World War II victors (United States, France, United Kingdom, and Russia), together with China. Japan has been the strategic ally of the United States in Asia since 1945 and, under this shelter, implemented its incredible industrial

development. The collapse of the communist countries devaluates this strategic alliance for the United States and brings the trade war to the fore.

Japan appreciates the need to integrate itself into the world—not just commercially but also politically and is seeking a prominent place in the international community. The approval of loans for various countries—like the two \$400-million loans that Argentina will receive within the next few days—are part of this readjustment. The United States is attempting to stop this Japanese move toward international politics. The pressure that Argentina will experience from Japan will be much less than the request Bill Clinton made to Menem in June when he sought to schedule more American Airlines flights to Argentina. But Argentina is not within the Japanese area of influence and the current level of bilateral economic relations do not place Japan in a strong position.

Japanese Loan Guarantee Caps Menem's Visit

PY0312000193 Buenos Aires BUENOS AIRES
HERALD in English 2 Dec 93 p 1

[Text] (DYN)—President Carlos Menem fulfilled the main purpose of his official visit to Japan yesterday by getting the Japanese Eximbank to guarantee a 300-million dollar credit line to Argentina.

This loan will be handled by the BICE [expansion unknown] foreign trade bank, which will use the funds to finance private sector investment. The first installment is expected in March.

Economy Minister Domingo Cavallo said that Eximbank's attitude "will produce a domino effect" attracting investments from the Japanese private sector to Argentina.

The minister went on to explain that the agreement with the Eximbank is part of an 800-million-dollar "programme of a multisectorial credit."

The Inter-American Development Bank (IBD) is lending another 300 million dollars, which is being jointly financed by the Eximbank, the BICE, and private Argentine banks.

Menem and Cavallo spent the second day of their trip to Japan trying to convince Japanese businessmen about the advantages of investing in Argentina.

The President said that stability "draws investments" and that the loan obtained "is a way of advancing our development while simultaneously safeguarding an economic model that allows Argentina to become active on world markets."

In the next few months "new investments will be arriving, not only from Japan but from all over the world," Menem forecast.

Cavallo held talks with local businessmen yesterday and presided over the road show to launch Argentina's new 750-million-dollar international issue of foreign debt bonds.

Deputy Chief of Armed Forces Joint Staff Installed

PY0212163893 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1455 GMT 2 Dec 93

[Text] Buenos Aires, 2 Dec (NA)—Brigadier Roberto Jose Noe was installed today as deputy chief of the Armed Forces Joint Staff during a ceremony that was presided over by Lieutenant General Mario Candido Diaz, the chief of the Joint Staff.

Noe replaces Brigadier Jorge Gimenez, who is now deputy commander of the Air Force.

Rio Negro Province Not To Sign Federal Fiscal Pact

PY0212235993 Buenos Aires BUENOS AIRES
HERALD in English 2 Dec 93 p 7

[Text] (DYN)—Rio Negro province will not sign the fiscal pact with the federal government, Governor Horacio Massaccesi stated yesterday outside Government House.

"I came to reiterate that Rio Negro will not sign the fiscal pact without the agreement of the other Patagonian provinces, like we promised from the beginning," he told reporters after meeting with governors from Neuquen and Tierra del Fuego.

The fiscal pact is an agreement proposed by the Federal Government and signed by most provinces, which calls for the elimination and reduction of specific provincial taxes in exchange for increased guarantees in federal revenue-sharing funds.

Massaccesi demanded that the government reconsider its "rural mortgage bonds which accompany the fiscal pact, that are available in the humid pampa. They should be of a regional nature and specifically, be directed to the fruit growers' crisis."

Those provinces that have not signed the fiscal pact are not eligible for the rural mortgage bonds, nor for proposed reductions in employer contributions. The Patagonian provinces have held out, claiming that they would lose more revenue by slashing provincial taxes than they would recover in federal revenue-sharing funds.

Brazil

Trade With Russia To Hit \$2 Billion; Arms Deal Considered

PY0212192393 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 1 Dec 93 p A12

[Text] Moscow—Brazil expects to increase its annual trade with Russia, which currently amounts to \$300 million, to \$2 billion in the next five years. Brazil also is studying the purchase of some types of Russian weapons. This statement was made on 30 November by Foreign Trade Secretary Frederico Robalinho de Barros, who is in Moscow. He made these remarks a day before the arrival in Moscow of Industry, Commerce, and Tourism Minister Jose Eduardo

de Andrade Vieira. The minister will remain in Moscow until 3 November. Andrade Vieira will sign a trade protocol with Russian Foreign Economic Relations Minister Oleg Davydov.

The agreement with Russia foresees the sale to that country of coffee, cocoa, sugar, textiles, shoes, as well as according to Russian sources, the amount cannot be too large because of the lack of financial conditions [sentence as published]. Likewise, Brazil is studying the purchase of helicopters, military transport equipment, and unspecified weapons, in addition to fertilizers, raw material for chemical industries, and railway equipment.

Robalinho de Barros said: "I think the time has come to increase trade with Russia because now we see excellent conditions for business here." He added that Brazilian banks want to create joint enterprises with Russian banks. After the visit of the industry and commerce minister, representatives from 15 Brazilian companies will visit Russia to begin negotiations with Russian companies.

Corruption Scandal Forces Franco To Cancel Trip to India

PY0212235793 Brasilia Voz do Brasil Network in
Portuguese 2100 GMT 2 Dec 93

[Report by Renata Verissimo from Brasilia]

[Text] President Itamar Franco has canceled the last international trip he would have taken this year as a result of the new corruption charges related to the budget corruption scandal. President Franco will not attend the annual meeting of the Group of 15 developing countries, which will be held in India on 10 December. Franco is complying with the request of the government leader in the Senate, Pedro Simon, who believes his presence in the country is important in view of the new Budget Congressional Investigating Committee, CPI, investigation. President Franco already has asked Foreign Minister Celso Amorim to report to India's government that he will not be able to attend the meeting.

President Franco will not take any other trip abroad this year. He was to travel to Uruguay to attend a Common Market of the South meeting on 26 December but, at the request of the Argentine and Uruguayan presidents, the meeting was postponed to January.

As for trips within Brazil, President Franco will visit Rio de Janeiro on 10 December to attend a graduation ceremony at the War College.

Franco Approves Zero-Deficit 1994 Draft Budget

PY0212164293 Brasilia Radio Nacional da Amazonia
Network in Portuguese 0930 GMT 2 Dec 93

[Text] After meeting with the economic team, President Itamar Franco approved the new draft budget, which foresees \$22 billion in cutbacks.

[Begin recording] [Reporter Cristina Indio do Brasil] Acting Planning Minister Raul Julmann explained that

although investments were slashed, some areas—including social programs—have not been cut.

[Julgmann] We have retained the previous wage estimates in the new draft budget. We wanted to maintain—first and foremost—wages, the wage bill, at the same level as in 1993 in dollar terms. Second, we have maintained social security benefits. Neither social security benefits nor any other aid for those on social security will be curtailed. All acquired rights, all what we have given in 1993—and we have given out a lot because there were many benefits to be covered—are maintained in the 1994 budget. Third, we have maintained all programs the Federal Government deems important or strategic. These have not been modified either.

[Indio do Brasil] He also explained that the government has committed itself to balance the budget and confirmed that the draft budget to be submitted to Congress tomorrow provides for a zero deficit. [end recording]

Government Studies Alternatives in Case IMF Agreement Fails

PY0212153393 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Nov 93 p 1

[Article by Fernando Rodrigues]

[Text] The Brazilian Government is determined to reach an agreement with the IMF but has two alternative plans to prevent the foreign debt negotiations from stagnating if this proves impossible: To use the country's reserves or to issue Eurobonds to obtain money from abroad. Brazil needs to invest \$2.8 billion if it is to obtain the necessary guarantees for the agreement Finance Minister Fernando Henrique Cardoso will sign in Toronto today.

The agreement with the commercial banks is ready. It requires guarantees for which the U.S. Treasury will issue bonds. The guarantee should total \$3.7 billion. The first portion, which should be paid by 15 April, totals \$2.8 billion.

The Brazilian Government should put up \$1 billion and the remaining \$1.8 billion will come from the IMF and other multilateral organizations. This will only happen if the government reaches an agreement with the IMF. The deadline for this is early March to facilitate the implementation of an agreement with the banks on 15 April, which is when the contracts expire.

Andre Lara Resende, Brazilian foreign debt negotiator who leaves the government this week—as previously announced—has said that “the fact of reaching agreement with the IMF is more important than the money the IMF will supply.” Lara Resende said he would rather not comment the alternatives to which the government might resort should no agreement be reached with the IMF, but FOLHA found out that the economic team is considering the use of national reserves or the issuance of Eurobonds as the main alternatives.

These alternatives, however, are not without disadvantages. Without a formal agreement with the IMF, Brazil would be the only great Third World country to reach agreement over its debt without IMF support. To avoid this, the economic team will try to obtain a sort of “subtle agreement.” This is the term used by creditors, and it is known that it will be accepted. In practice, a letter from the IMF stating that Brazil is trying to adjust its economy would suffice.

But even with a letter from the IMF, the government would still have to convince the U.S. Treasury to make a special issuance of bonds to serve as that guarantee for the agreement. Once again, a word from IMF Managing Director Michel Camdessus would help the negotiations.

Once everything has been settled with the IMF, the banks, and the U.S. Treasury, Minister Fernando Henrique would have to decide whether or not to use our reserves or issue Eurobonds. Using reserves would be more appropriate because the government has an excess of approximately \$20 billion. The economic team believes, however, that this measure may have a negative political impact.

The issuance of Eurobonds is considered an honorable solution. There would be no difficulty in placing them on the international market with three-year maturity date. These bonds are virtually identical to the papers that public and private enterprises have issued during the past two years—they pay a real annual interest lower than the domestic market, but higher than foreign rates. Thus, they are much more attractive to foreign investors.

Article Notes Main Items of Cardoso's Economic Plan

PY0312005993 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Dec 93 Economic Section p B5

[Text]

Measures of Plan FHC-2 [Fernando Henrique Cardoso-2]

The main points in the stabilization program are:

Tax increase—The economic team will propose to Congress an increase in federal tax rates (affecting individuals and societies) to finance government spending in social areas.

Emergency Social Reserve—In order to finance social programs. This reserve will be deposited in a special account. It will be in effect for two years and will be funded by a 5-percent increase in federal taxes and 15 percent of federal revenues. Minister Cardoso believes the fund will handle \$16 billion each year.

Amendments—The emergency reserve will be implemented only if Congress approves a constitutional amendment to change obligated allocations. Minister Cardoso wants congressional authorization to freeze 15 percent of the funds the federal government is obligated to transfer to states and municipalities.

Cuts—The government proposes spending cuts of \$22.1 billion affecting mainly costs and investments.

Bonds—Minister Cardoso also will propose that Congress amend the Law on Budget Guidelines (LDO) to prevent the government from issuing public bonds to finance its spending. If the measure is approved the government will be forbidden from contracting new debts.

Decentralization—The planning and finance ministers will discuss with President Itamar Franco the creation of a Decentralization Agency to execute the National Decentralization Program. The idea is for this agency to administer the program that will be transformed into a true administrative reform in two years.

Daily index—The new price correction index will have daily variations and reflect the current inflation rate. Its name will be Reference Unit (UR). The purpose of the index is to break the inflationary memory and to create the conditions, with the voluntary support of economic agents, to become the single economic index in effect.

Free exchange rate—The foreign exchange will vary according to an official index but the government will gradually deregulate it.

Control of public companies—The spending control program will be extended to public companies, which will cut payroll spending and put a ceiling on indebtedness.

Real interest rates—During the first months of the stabilization program's implementation interest rates will be real, that is, they will stay higher than the inflation rate.

Continuation of contracts—The program does not contemplate any price freezes and, according to Minister Cardoso, the measures will not break contracts of acquired rights.

Salaries—The minimum salary will be transformed in Reference Units (UR). Salaries will be corrected by the new index average. In the case of public employees, the system will take effect immediately. In the case of other employees, the system will take effect when the real cruzeiro becomes more stable or when the president decides to implement it.

Saving—The TR [reference interest rate] will continue to be used to adjust saving accounts.

War College on Possibility of Leftist Government in '94

PY0312015293 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Nov 93 Section 1 p 19

[Article by Marcelo Beraba]

[Text] For the first time in its history the War College [ESG] studied the hypothesis of a leftist party assuming the presidency of the Republic in one of its courses. Luiz Inacio Lula da Silva (Workers Party) may be elected president of the Republic in 1994 with the support of the military, the business sector, the middle class, and organized civilian society.

This is the conclusion of a study presented this week at the ESG by one of the groups of trainees in the Upper Studies Course on Politics and Strategy. The study states: "It is one of the most likely, although not the most desirable, possibilities."

The study presented on 22 November is the conclusion of the penultimate phase of the course, when the trainees propose national development and security policies. The 90 trainees (one-third of them from the military and the rest civilians) were divided into eight study groups. Only one group came to the conclusion that the most likely hypothesis for 1994 is a leftist government.

The group—christened Delta—comprised one reserve Army officer, two active officers (one Navy and the other Air Force), a Rio de Janeiro Military Police colonel, a sociologist, a business administrator, an economist, a physician, a chemistry professor, and a police inspector. Initially the group worked on three alternatives for 1994: the victory of a center-leftist alliance, the hypothesis of an institutional rupture due to the worsening of social problems, and a victory by the Workers Party [PT]. After studying the alternatives the group came to the conclusion that the last one was the most likely one. An institutional rupture before next October, when elections will take place, was discarded as the most unlikely.

In the trainees' opinion, the PT will come to power with the support of the military—"not of the military institutions but of soldiers as social elements." A pact will be reached by the PT (representing the leftist sector) and conservative sectors such as segments of the business sector that do not belong to the oligopolies, the media, part of Congress, and civilian society, including nongovernmental organizations.

In exchange for support from these groups, the PT will have to yield part of its government program and tone down some of its objectives to please the groups that will form the pact. This pact was defined by the group as "dynamic and conflictive." For this reason the group believes the party will emphasize the construction of a participatory democracy (not representative as it is now), seeking ways to exert pressure on the national Congress.

The study concludes that this pact that will back Lula's government will be unstable and will be dissolved by the PT itself, due to pressure from its most radical grass roots, unhappy with the concessions made by the party. The study mentions some of the policies the PT should adopt and that may dissolve the pact: the elimination of the so-called financial carousel, the adjustment promised to exporters, the struggle against tax evasion and the second set of accounting books of enterprises, and the struggle against the oligopolies.

The study also states that there is "no possibility of a civil war, but the pact of the leftist forces with conservative forces is so unstable that any rupture will throw the government into the hands of extremists."

For the study's purpose the trainees read and consulted several PT documents and magazines and two books

entitled "Government Program (PG-94)," recently released by the PT, and "1994: Ideas for a Leftist Alternative to the Brazilian Crisis," from the Relume Dumara publishing house.

Chile

Supreme Court Rejects Petition To Hear Soria Case

PY0212191893 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 2 Dec 93

[Excerpt] Reporter Mario Aguilera now will report directly from the courthouse. Good afternoon, Mario.

[Begin recording] [Aguilera] Good afternoon. A Supreme Court plenum ruling was announced a few minutes ago. The plenum met yesterday with the presence of 13 justices. The latter had to review a petition filed by the Foreign Ministry to appoint a special judge or a trial judge to investigate the homicide of [former Spanish diplomat] Carmelo Soria.

Foreign Minister Enrique Silva Cimma's petition to authorize the investigation of the crime against the former Spanish diplomat was rejected by a narrow vote of seven to six.

Now let us listen to Supreme Court Secretary Carlos Meneses' explanations on the Supreme Court's reasons in this regard.

[Meneses] As you may notice, the background information supplied by the petitioning authority and the background information included in the case heard by the Third Criminal Court of this city, which was presented to the Supreme Court, are clearly insufficient to determine that the crimes investigated in this case may affect the international relations of our Republic with the Spanish state. [passage omitted] [end recording]

Colombia

Bank Robbers Explode 3 Bombs at Bank Branch After Holdup

PA0212192993 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 1730 GMT 2 Dec 93

[From "National Newscast" newscast]

[Text] A few minutes ago, five men held up the National University branch of Banco Popular. They fired at one guard, took the money from the cash registers, and left three bombs at the bank entrance. The explosions wounded one person and partially destroying the facilities. Police are in pursuit of the attackers on the university campus.

Foreign Minister Says Arrested Diplomat Laundered Money

PA0212172393 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 0013 GMT 2 Dec 93

[Text] A few minutes ago Foreign Minister Nohemi Sanin referred to the controversial case of Gustavo Pastrana Gomez, a diplomat at the Colombian Embassy in Uruguay who was arrested on 30 November in Miami.

[Begin Sanin recording] I learned that one of Gustavo Enrique Pastrana's friends invited him into the money laundering business. He instructed Pastrana to go to Miami where a friend of his would get him started in the business. Pastrana was given a check for \$75,000, which he deposited in his bank account when he returned to Uruguay and later, following instructions, withdrew the money minus 10 percent, which was deducted as profit from the money laundering deal.

One month later he was again invited to Miami for a money laundering deal. He laundered or presumably laundered—because this requires a full investigation—\$150,000. That was when the police captured him and discovered the money. [end recording]

Pastrana Family Spokesman Blames DEA for 'Scam'

PA0212165693 Madrid EFE in Spanish 2148 GMT 1 Dec 93

[Text] Santa Fe de Bogota, 1 Nov (EFE)—A spokesman for the family of Gustavo Pastrana Gomez, a Colombian diplomat who was detained Tuesday in Miami on money-laundering charges, said the entire operation is a DEA "scam."

The spokesman, who asked not to be identified, told EFE that Past ana Gomez, a commercial attache to the Colombian Embassy in Uruguay, had not been detained with cocaine as had been initially reported.

"The only pending charge is the laundering of \$75,000, for which he apparently received \$7,500," the spokesman said.

"It was all a DEA scam. They contacted him, made the proposal, and convinced him—in a word, they induced him—to commit the crime," the spokesman added.

Television Repeater Facilities Militarized Due To Strike

PA0212200293 Mexico City NOTIMEX in Spanish 1834 GMT 2 Dec 93

[Text] Santa Fe de Bogota, 2 Dec (NOTIMEX)—Colombian Police military forces today occupied television repeater facilities in the face of threats by the television union to decree a strike to protest the government's intention to privatize the television industry.

Communications Minister William Jaramillo said "the announcement of the labor strike has prompted us to take

protective measures, because television broadcasts cannot be suspended under any circumstances."

The Colombian Association of Television Workers (ACOTV) warned yesterday it would stop working indefinitely if the legislature approves the reforms project introduced by the government, which includes the sale of the three existing channels.

The minister denied the accusations of union leaders who said the government has refused to discuss the project. The minister said ACOTV has had the opportunity to explain its position in Congress and at the various forums where the initiative has been discussed. He said that if the strike is declared, it will be decreed illegal because "television is a public service."

Jaramillo explained that the militarization was ordered to avoid possible sabotage by the movement leaders, who last Tuesday took over the studios where the newscasts were broadcast and delayed their transmission.

Additionally, the government has offered the use of private studios to newscast producers until the conflict is settled.

ACOTV president Enrique Urrea said the workers "will not allow the television channels to be given to the private sector" and added that he felt the reforms "undermine public interests because they taint television's *raison d'être*. [no closing quotation mark as received]

Ω Colombia Press Review No. 5
94P20105

[Editorial Report]

Carlos Lemos, Ernesto Samper Hold Debate

Ernesto Samper and Carlos Lemos, contenders for the Liberal Party nomination, participated in a debate organized by the Javeriana University on 11 November, the first of a planned series of exchanges between Liberal Party aspirants. Samper, who delivered a 30-minute presentation which, according to EL TIEMPO and EL ESPECTADOR (dailies known to favor the Liberal Party), was long on substance but short on style, received weak applause from the audience. Serious and subdued, and supporting his arguments with "points and subpoints," according to EL ESPECTADOR, Samper primarily discussed the problem of unemployment, followed by environmental concerns, decentralization, and security issues, offering both his analyses of the problems and proposed solutions. EL ESPECTADOR described his demeanor as that of "a professor lecturing his students," and EL TIEMPO said he tried "to portray himself as a president rather than a candidate."

In contrast, Lemos' address—described by EL ESPECTADOR as lively, forceful, and interspersed with humor—reportedly drew a much more enthusiastic response from the audience. Spending most of his time on opening remarks unrelated to the issues, he began to talk substance, according to EL ESPECTADOR, only as his allotted time was running out, focusing on the violence

affecting Colombian society. In an indirect reference to Samper's emphasis on the need to increase employment and the effect he believes it will have on reducing violence, Lemos quipped that "in order to be employed, one must be alive." Lemos called into question the government's efficiency in managing resources allocated to the military. EL ESPECTADOR noted that, judging from the audience's response, Lemos "won" at least the opening exchange of the debate.

In his 10-minute rebuttal, Samper, speaking forcefully from the podium, focused exclusively on what he said were flaws in Lemos' arguments—a shift in style that drew a more animated response from the audience, according to EL ESPECTADOR. Samper said that although Lemos had mentioned many problems, he had offered no solutions. In response to Lemos' focus on violence and his attempts to link Samper—a former minister and ambassador in the Gaviria Administration—with the current government, Samper argued that the problem of violence had not emerged during the present administration, but under previous ones—including one in which Lemos had served as minister. Lemos, replying that he had insufficient time to address solutions, declared that the best solution would be to enforce the law, rather than negotiate it, according to both press sources. He claimed that in Colombia it is better to be a big-time criminal than an a minor offender. EL ESPECTADOR concluded that the lesson the candidates should learn from this debate was that they should "talk tough and slip in an occasional joke." (Santa Fe de Bogota EL TIEMPO 14 Nov 93 p 8A, EL ESPECTADOR 14 Nov p 6A)

Samper Says Border Regions Should Concentrate on Basics

During a two-day campaign visit to Narino Department, Ernesto Samper said that, in light of the economic liberalization currently under way, border zones should rely less on trade and more on providing basic services such as health and education, addressing environmental concerns, and encouraging business. Samper noted that, while it is commendable that Tumaco [a major seaport located on Narino's Pacific Coast] has ties to Hongkong, Seoul, and Tokyo, it must also increase its links with cities within the department and the rest of the country for the region to truly develop: "We have to first integrate the Pacific Coast with the rest of Colombia, and then with the rest of the world." He emphasized that, as the economic importance of border regions grows, their inhabitants cannot remain as mere spectators "watching trucks filled with merchandise passing by on their way from Quito to Bogota." Samper's tour ended with a visit to a local fishing enterprise where he explained to workers his plan to create jobs. (Santa Fe de Bogota EL TIEMPO 15 Nov 93 p 6A)

Samper Outlines Plans to Revive Agriculture Sector

During a three-day campaign visit to Boyaca Department, Ernesto Samper outlined his plan for stimulating production in the agricultural-livestock sector, primarily by increasing assistance and credit to farmers, protecting them from international competition, and providing better

security to rural areas. Speaking before a group of civic leaders, businessmen, and students, Samper expressed concern over Colombia's import of over two million tons of food. He said that unless greater efforts are made to increase employment and social investment in rural areas, farmers will continue to be pressured by those who perpetrate violence.

Samper said that the first part of his four-part plan consists of developing incentives with a stable set of rules, including the possibility of granting short-term subsidies on a selective basis. He reportedly argued that Colombia should reserve the right to subsidize its agricultural sector in the same way developed countries do. Part two, he said, calls for revitalizing the Caja Agraria [Agricultural Credit Bank] and the Integrated Rural Development Program (DRI), among other entities. According to Samper, it is necessary to "return the Caja Agraria to the farmers" so it can promote programs that address their needs and provide easier access to credit. Part three of Samper's program addresses the problem of violence in rural areas by guaranteeing the presence of Armed Forces in some regions, promoting investment, and generating more and better jobs in rural areas. Samper reportedly said that investment in basic services such as health, education, and housing would increase considerably under his administration. Samper's fourth point concerns his plan to strengthen the price stabilization fund, provide crop insurance, and increase the role of Idema [the government's agricultural marketing agency] in the marketing of agricultural products. Samper also mentioned his recently announced economic program, saying that the most expensive component would be the plan to increase employment.

Between his walking tours and more formal meetings with businessmen, local politicians, and youth, Samper managed to reach some 20,000 people, according to press reports. He was accompanied on his trip by campaign officials Horacio Serpa and Jorge Perico Cardenas, and legislators Henry Cubides Olarte and Jairo Calderon. (Santa Fe de Bogota EL TIEMPO 6 Nov 93 p 5A, 8 Nov 93 p 6A)

Samper Highlights Importance of Developing Infrastructure

Addressing the Colombian Society of Engineers, Samper presented his Physical Infrastructure Plan, which outlines a series of projects to build roads, ports, airports, and electrical generating facilities. Samper emphasized, as he has done repeatedly in the course of the campaign, that without the necessary infrastructure, the full benefits of economic liberalization cannot be realized. (Santa Fe de Bogota EL ESPECTADOR 11 Nov 93 p 5A)

Turbay Warns Against Conservatives 'Disguised as National Candidates'

In a 10 November speech to Liberal Party members during the installation of 35 secretariats and 10 councils which will form the party's preelectoral working groups, Liberal Party President Julio Cesar Turbay called on Liberals throughout the country to reject Conservative candidates

claiming to transcend party affiliations. Without mentioning Andres Pastrana by name, Turbay said: "Our opponent is an authentic representative of the Conservative Party even if he tries to hide his affiliation."

Turbay said he was confident that "no Liberal would be so naive" as to vote for a Conservative "disguised as a national candidate," and further:

"The country knows that it is better to have a candidate who is affiliated with a party and with a program rooted in the popular consciousness, than a candidate who supposedly transcends party constraints but whose soul, program, and mentality are Conservative."

The working groups—comprising some 700 party members including former ministers, legislators, private sector representatives, and community workers—will be responsible for drawing up the party program for review by the National Ideological Council and by the party convention to be held in March. (Santa Fe de Bogota EL TIEMPO 11 Nov 93 p 5A, 7A)

*** Recent Unemployment Statistics Discussed**

*** Survey Conducted**

94SM0103A Santa Fe de Bogota EL TIEMPO in Spanish 28 Oct 93 p 1B

[Text] The total number of unemployed individuals in the country's seven major cities is continuing to decline. This is particularly true in Bogota.

At the end of September a year ago, 463,956 individuals were seeking work in Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Manizales, and Pasto (with their respective metropolitan areas). However, at the end of September this year, the army of the unemployed was down to 414,000 persons. The total number of unemployed persons in September of 1991 exceeded 500,000.

These figures, which were announced yesterday by the National Administrative Department of Statistics (DANE), indicate that the unemployment rate is continuing to decline. In the 12-month period, it has dropped from 9.1 to 7.9 percent, the lowest rate seen in the third quarter in the past seven years.

This decline was achieved, the official study shows, because in the 12-month period, the economies in the seven major cities have generated 218,000 new jobs.

But since during that same period, the labor force (persons 12 years of age or older working or seeking employment) increased by only 168,000 persons, a reduction in the total number of individuals unemployed was possible.

The favorable development of the unemployment rate, which has been a constant factor in recent quarters, is basically explained by the strong activity seen in the construction sector. However, other economic activities, such as the increased trade due to the high level of imports, have also contributed.

The influence of the construction sector has been so great that at the end of September, Bogota had one of the lowest unemployment rates reported in the past seven years—5.3 percent. The figure for September of last year was 7.4 percent.

During the 12-month period, the number of employed persons in the capital of the country increased by 112,000, so that the number of unemployed declined by 42,000.

The total number of individuals seeking work in Bogota dropped from 167,001 in September of 1992 to only 124,931 this past September.

The employed population in Bogota and its neighboring municipalities increased from 2,120,130 to 2,232,259 during the 12-month period.

Medellin, one of the cities that has suffered most from the scourge of unemployment, together with its metropolitan area, also began to show improvement in this indicator.

The unemployment rate in September of last year was 12.2 percent, while it has now declined to 11.4 percent. The labor force increased by 25,000 individuals, and 30,000 individuals obtained jobs during this period.

It is notable that although the population of Bogota is more than double that of Medellin, the total number of unemployed persons there—115,689, is almost the same as that in the capital of the country.

In the Barranquilla metropolitan area, the unemployment rate showed a decline of 1.6 points, from 10.7 to 9.2 percent, between September of 1992 and September of 1993. The total number of employed persons increased by 28,580, and the number of those unemployed declined by 5,736.

Cali, on the other hand, showed an increase in the unemployment rate, which climbed from 8.9 to 9.2 percent in the 12-month period. The total number of individuals looking for work in the capital of Valle and the municipality of Yumbo went up from 67,725 to 72,701 in the 12-month period. The number of employed persons, on the other hand, increased only slightly, from 693,455 to 715,811.

The same was the case in Manizales, where the unemployment rate rose from 8.5 to 9.2 percent.

In Bucaramanga, unemployment dropped to 8.4 percent from the 9.9 percent reported in September of last year.

And in Pasto, the seventh city the DANE studies every quarter, the rate dropped from 12.9 to 12.4 percent during the 12-month period.

In Cartagena, which is only included in the survey of homes each September, the unemployment rate rose from 10.0 to 11.3 percent.

One of the facts the DANE stressed is that the so-called rate of overall participation showed a substantial increase, as has occurred in previous quarters. It rose from 59.5 to 60.2 percent. This means that of every 100 individuals of

working age (12 or over), 60 are currently working or seeking work.

Unemployment as of September			
City	Employed	Unemployed	Unemployment Rate*
Bogota	2,232,259	124,931	5.3
Medellin	898,239	115,689	11.4
Cali	715,811	72,701	9.2
Barranquilla	471,067	47,158	9.1
Bucaramanga	287,218	26,202	8.4
Manizales	129,063	13,108	9.2
Pasto	102,542	14,448	12.4
All seven cities	4,836,199	414,237	7.9

* The unemployment rate is calculated on the basis of the economically active population (individuals 12 years of age or older who are working or seeking work).

Source: DANE

* Results Discussed

94SM0103B Santa Fe de Bogota EL TIEMPO in Spanish 31 Oct 93 p 1C

[Article by Luis Alberto Lopera and Jaime Mejia Mazuera: "Unemployment—The Figures Do Not Add Up"]

[Text] The unemployment rate continues to decline, but no one knows exactly what is happening.

It seems ironic that not even the government has a clear explanation of the figures the National Administrative Department of Statistics (DANE) announced Wednesday.

It was a surprise to everyone that the unemployment level in the seven leading capitals of the country had dropped from 9.1 to 7.9 percent, a reduction representing 50,000 fewer persons unemployed.

When the National Homes Survey was completed some 15 days ago, the surprise was such that the DANE technicians began to review each of the survey segments to see if there were some errors. But they found none.

They did not even find any inconsistencies in the case of Bogota, which ended September with a historic rate of 5.3 percent—one which any European capital might envy.

The DANE officials insist that the process of collecting data was carried out rigorously in each of the 80,000 homes consulted every three months. In addition, a review of the surveys by economic strata was undertaken, and the officials became persuaded that the responses were consistent.

What happened, then; is it simply that the unemployment rate has dropped? But where are the unemployed, and how good are the new jobs that have been created? No one has any definitive answers to these two questions. Everything that has been said comes down to bold hypotheses.

The New Jobs

Whenever there is talk of a decline in unemployment, there are only a few who believe it. And on this occasion, the critics have even more reason for doubt than usual.

The arguments put forth to explain what has happened have to do with the development of construction, with trade (because of the larger volume of imports), and with the expansion of the informal economy.

The hypothesis pertaining to the construction sector is weak. The most recent study by the Colombian Construction Board (CAMACOL) shows that the total number of square meters of construction approved (based on licenses) was increasing at 14 percent until August, or in other words, was showing less dynamism than last year.

In trade, the situation is worse. Despite the fact that retail sales showed real growth (above the rate of inflation) of 4 percent, while imports have taken off, the jobs generated by this sector declined by 2.18 percent in the last 12 months, according to the most recent DANE figures.

In the manufacturing industries, the rate of job growth was only 1.85 percent in the first seven months of the year. This also had little effect.

The most valid explanation of what has happened is provided by the capital of the country, where a rate of 5.3 percent, which any economist would call full employment, was reported. In the other cities, the decline in unemployment was not very significant.

If we exclude Bogota from the analysis, the unemployment level in the other six capitals averages 10 percent (a year ago, it was 10.6 percent). This is a result that provides no cause for celebration.

The difference between Bogota and the other six cities is clearly revealed by the DANE figures. Of the 50,000 unemployed individuals who found work in the last 12 months, 42,000 did so in the capital of the country.

The Informal Economy

If the dynamic creation of jobs is absent in these sectors, what is happening? Everything seems to indicate that behind the encouraging decline in unemployment lies the shadow of the informal economy.

A year ago, 56 percent of the jobs in the seven capitals could be found in the informal economy, while in 1990 the figure was about 43 percent.

Although the breakdown of the data has not yet been completed, it is estimated that the informal sector may account for about 60 percent of the Bogota economy, and this would in large part explain the low rate of unemployment. In other words, many individuals are employed in jobs of low quality.

In Colombia this phenomenon has been analyzed very little, or not at all. Every two years, the DANE estimates the size of the informal economy, but knowledge of the truth has not produced any results in this country.

It can be concluded from the partial figures that in recent years, the level of the informal economy has been rising. If this interpretation of the historical development is correct, it might offer a logical explanation of the decline in the unemployment rate.

The greatest concentration of underemployment is clearly to be found in the increase in taxi, minibuses, and similar services in the leading cities, and in the development of thousands of small fixed or ambulatory business ventures.

Thus, if this is the real explanation for the decline in unemployment to 7.9 percent, the figures announced represent a pious lie. A workday of less than eight hours in an unstable job characterized by low wages and no social security means weak economic development.

If it is indeed true that every September, the employment rate has been lower than the figures for the preceding quarters, the concern of many analysts is focused on the fact that never has such an unusual thing occurred as this insistence that the capital "has resolved" its problems and can now claim one of the best international employment rates.

The DANE will carry out a new study on the informal economy and job quality in the middle of next year. Not until then can we determine precisely what happened to unemployment in the capital of the country during the last quarter.

[Box, p 1C]

What the Survey Shows

A Sampling

Every three months, the DANE carries out a survey covering 18,000 homes in the nation's seven leading cities. Of these households, 4,000 are in Bogota. On the basis of the results of this sampling, which includes all socioeconomic strata, the DANE calculates how many individuals are working, how many are seeking work (unemployed), and how many simply claim to be inactive (housewives, retired persons, and those living on fixed incomes).

The Projection

As it is presumed that the sampling is a small segment that adequately represents all of the inhabitants in the seven capitals, the figures are projected to cover the entire population, and it is based on this projection that the absolute figures on unemployment are derived.

Fewer of Us Now

One of the surprises that emerged from the last survey of homes is the clear indication that there are fewer residents in Bogota and the other six capitals than had been estimated. In September of last year, there were supposedly 4,821,501 employed persons in these cities, while last September, there were 4,836,199. At first glance, one cannot understand how there can be the same number of employed persons, while there are fewer unemployed.

However, the DANE has explained that the adjustment in the absolute figures has no effect on the unemployment percentages.

One Hour of Work

If one of the individuals surveyed reports a single hour of work a day in any activity, he is immediately included in the employed group. Only those who have no work but have been looking for jobs in the last week are classified as unemployed. This is one of the greatest weaknesses noted in the home survey by its critics.

What Is the EAP?

For the majority of the citizens of Colombia, an unemployment rate of 7.9 percent means nothing. This indicator is calculated as a percentage of the Economically Active Population (EAP). But what is this famous EAP? It is the number of individuals 12 years of age or older working or seeking jobs.

The Questions

In the 18,000 homes covered by the sampling, questions are asked of everyone 12 years of age or older. If an individual answers that he is working, he is asked the type of work; if he has a profession the same as or different from what he is doing, how many hours he devotes to this activity every day; and the nature of his professional qualifications and the quality of the job. If he answers that he is looking for work, he is asked about the type of work he is seeking, and what training he has had. If he is in the inactive category, he is also asked what he is doing. This is in order to determine a breakdown of women engaged in homemaking, retired persons, and those supported by income from capital.

Unemployment in the Seven Cities

City	Unemployed	Percentage
Bogota	124,931	5.3
Medellin	115,689	11.4
Cali	72,701	9.2
Barranquilla	41,158	9.2
Bucaramanga	26,202	8.4
Manizales	13,108	9.2
Pasto	14,448	12.3

Unemployment Rate*

	September 1988	September 1989	September 1990	September 1991	September 1992	September 1993
Six Capital Cities (excluding Bogota)	11.0	10.3	11.3	11.2	10.6	10.0
All Seven Cities	10.2	9.0	10.2	9.8	9.1	7.9
Bogota	9.3	7.4	8.0	8.1	7.3	5.3

Source: DANE

* Number of persons unemployed in relation to the Economically Active Population, which represents those 12 years of age or older who are working or seeking work.

* Comment on Public Spending Debate Reported 94SM0099A Santa Fe de Bogota EL TIEMPO in Spanish 27 Oct 93 pp 1, 6A

[Article by Jacquelin Guevara Gil: "Fight Against Inflation Is Uncoordinated"]

[Text] The debate now raging between the government and a member of the Bank of the Republic's board of directors seems to have but one explanation: The management of the economy is totally uncoordinated.

Generally speaking, this is the conclusion of union leaders, former ministers, and economic analysts, who cannot understand just how public spending shot out of control or why the board of directors of the issuing institute has failed to take any measures.

The debate, which could go on forever, was stirred up at the end of the week by a column written by the former minister of finance and the Bank's codirector, Roberto

Junguito Bonnet and published in EL TIEMPO. In the article, Junguito Bonnet scolds Finance Minister Rudolf Hommes for recommending that issuing institute officials be given valium to prevent them from doing anything and that Actimin be prescribed for Hommes because he is spending too much!

All agree that instead of blaming one another, officials should assume their responsibility in order to prevent the adoption of drastic measures such as a greater revaluation or a hike in interest rates.

However, Armando Montenegro, head of National Planning, attempted to ward off the criticisms by announcing that the macroeconomic policy would not be modified and that the treasury deficit this year will be less than 1 percent of the gross domestic product (GDP).

ANDI Says Government To Blame

Carlos Arturo Angel, president of the National Association of Industrialists (ANDI), stated that rightly or wrongly, the government had let government spending get out of hand.

He explained that those responsible for controlling inflation in the private sector failed in their duty. Manufacturers have lowered prices to a suitable level and foodstuffs cannot go any lower.

In contrast, public services and goods produced by the government continue to shoot out of control, Angel says, agreeing with the concern expressed by Junguito Bonnet, former minister and codirector of the issuing institute.

ANIF Wants Explanations

Javier Fernandez, president of the National Association of Financial Institutions (ANIF), supported the position taken by the Bank's codirector, Junguito, agreeing that spending is out of control.

He said that so far the government's policy of an excessive increase in public spending has worked because this administration has passed two tax reforms.

Nevertheless, he warned that the concern stems from what could happen next year because up to now, inflation has been lowered artificially.

"The board of directors of the issuing institute will have some explaining to do to the country and Congress. It cannot just close its eyes and cross its fingers!" He said it will be necessary to revalue or raise interest rates in order to control inflation.

Doing Nothing

The Federation for Development, FEDESARROLLO, also reiterated its concern yesterday over the sharp increase in public spending about which it had warned in a study.

The Federation's deputy economic director, Roberto Steiner, who has also been a Bank of the Republic official, said it is troublesome that everyone else has warned about excessive spending, while the bank has said and done nothing. "There is apparently no consensus about how to handle inflation," he said, speaking privately.

He said there are only two ways to prevent inflation from shooting up next year: either control public spending or have the Bank's officials start taking in money, which would cause interest rates to rise somewhat.

Lack of Coordination

For his part, former finance minister Abdon Espinosa Valderrama said it is time to call a halt to uncontrolled public spending, now among the all-time highs, which Junguito admitted.

He added that another factor of great concern is the dizzying increase in means of payment. For Espinosa, the position of the codirector of the Bank of the Republic is more like self-criticism because the board of directors is responsible for monetary management. "There is a total lack of coordination between the issuing institute and the government," he observed.

He also challenged the policy followed by the nation's General Treasury, calling it highly erratic. "I do not

understand how the institution can boast of taking over a billion pesos out of the market."

Blame

Eduardo Sarmiento, dean of the University of the Andes School of Economics, says the debate results from the lack of coordination between the Bank of the Republic's board of directors and the minister of finance.

"They are all blaming one another," he said, "in order to duck responsibility for the results of how economic policy has been managed and for controlling inflation."

On the one hand, the ministry damages the policy by increasing public spending and on the other, the issuing institute adds fuel to the fire by more and more free-market operations and total freedom for the entry of foreign exchange.

Sarmiento claims that both are erroneous and says that the overall policy is not consistent because it does not guarantee compliance with the figure of 19 percent set as the 1994 inflation goal.

DNP

Armando Montenegro, head of the National Department of Planning (DNP), was surprised by the shift of the Bank's codirector, Roberto Junguito, noting that the board is also responsible for handling monetary and exchange policy.

He did admit, however, that the Bank's policy has been useful in controlling rising inflation.

The official emphasized that the government will not change its macroeconomic goals, adding that the fiscal deficit will be far below 1 percent by the end of this year.

Montenegro said that Junguito's article does not reflect the issuing institute's thought and that it is an isolated position. With respect to the debate generated by the increase in public spending, he said that different arguments have emerged due to the fact that elections are approaching.

*** FARC Conducts Census in Many Areas**

*** Census Described**

94SM0104A Santa Fe de Bogota EL ESPECTADOR in Spanish 31 Oct 93 p 8A

[Article by Nelson Freddy Padilla C.: "The Guerrilla Movement Is a Census Taker Too"]

[Text] In March, April, and May of this year, using printed forms and hundreds of census takers, the armed rebels carried out a census of population and housing covering a large part of the national territory. The purpose was to gain greater control in the rural sector and in the environs of the cities, and to subvert the similar operation carried out by the government last 24 October.

This has been just confirmed by special Army units. It has been several weeks since voluminous documentation

intended for the general secretariat of the FARC [Revolutionary Armed Forces of Colombia] (to which EL ESPECTADOR has obtained access) was seized.

The discovery of this extensive guerrilla project occurred in the third week of September. It was the result of the work of members of the First Mobile Brigade, a unit of the Special Counter guerrilla Command, in the course of a search for the highest leader of the rebel movement, Manuel Marulanda Velez ("Tirofijo").

This week, during Operation Jungle, 10 members of the Angel Bonilla and Jaime Pardo Leal Fronts were shot and killed in a wooded area in San Jose del Guaviare. They were transporting documents consisting of reports of the censuses taken in the Llanos Orientales and Cundinamarca regions to the FARC headquarters.

The hardcover books were entitled *Population Census and Data Report*, and each contained the forms bearing the information obtained from the residents of the regions mentioned. The standardized forms used included more than 30 specific questions and 10 general ones.

The specific questions were designed to obtain socioeconomic and political data on each family in every municipality, while the general questions elicited information on special situations in certain rural areas and settlements, along with additional statements made by the peasants on matters of subversive interest.

According to one of the officials familiar with the matter, the FARC agreed upon specific census formats to be used by all the fronts operating in the country. The objective was to complete a census in all the regions in which the organization has a presence, and even in potential guerrilla sectors, such as the semiurban centers of cities such as Villavicencio and Popayan, where it was discovered a census had also been taken.

Book Number 42, for example, included the documents covering the censuses taken in the Cordillera Oriental [Eastern Mountain Range], in particular the adjacent plains and foothills areas. They included, for example, the municipalities of Paratebuena, Medina, Santa Teresa, and Los Alpes (Cundinamarca), also Cumaral, Restrepo, Santa Cecilia, San Juanito, El Calvario, the Guayabero region, and the periphery of Villavicencio, specifically the Santa Rita, Santa Maria Alta, and San Cristobal sectors.

The data was gathered by rebels whose signatures appear in the "census taker" box. Jose Velez, Ivan Marin Ospina, Ciro, Paisa, Ivan, Agente, El Vino, L.R., Guillermo, and Jose Vivo were among those who did this work.

Each family member was asked to give his name (including aliases, for some), sex, age, vocation, type of housing, the building material of the structure, the number of rooms, whether owned or rented, value of the land, number of hectares included, and types of crops grown (beans, pasture grass, potatoes, bananas, coffee, rice, sugarcane, or peas).

The questions also asked about other possessions, such as cattle (specifying beef or dairy) and other livestock, chickens, and ducks; types of road access to the premises; transportation means used for access; and whether or not the household possessed a radio. The questionnaires included two boxes in which to mark the numbers of legal and illegal weapons owned.

Additional Questions

Another of the census sheets classifies the individuals questioned in one of three social classes—first, second, or third. The Carranza family appears in the third category, with an additional notation to the effect that 40 million pesos was paid for the release of Julio Carranza.

On the basis of this classification, quotas of as much as between 30,000 and 500,000 pesos, varying with economic capacity, were imposed.

Appended to each questionnaire was one or more report sheets on which the "census takers" had entered additional information contributed by the peasants in answer to various questions. Do they have physical handicaps? Do they work for anyone in particular? Has anyone asked about the rebels? How regularly do they see Army troops? Do all the family members sleep in the residence, or somewhere else? Have any of the family members disappeared following Army actions?

The questionnaire used in the semiurban areas placed emphasis on the questions asked of such professionals as doctors and teachers. For the urban areas of the municipalities, lists of individuals who own cars and motorcycles and of premises like food warehouses and shops accompanied the other questionnaires. Political information about the mayors and the structure of the municipal councils and data on the parish priests, the Agrarian Fund managers, and the movement of funds and the vehicles used by these bodies was also appended.

One Hundred Additional Books

An official who ranks high in the intelligence sector assured this daily newspaper that this is the first time information has been discovered about a census carried out "with all of the aspects covered by the law" by the guerrilla force.

He said that the motivation of the subversives and their influence is almost always rooted in a policy designed to outdo the government in every type of action undertaken. "They took this census so as to appear to their members and the nearby residents as the most important force, since they have outdone the DANE [National Administrative Department of Statistics]."

This source said that if the census had been carried out all over the country, as per the orders of the commanders to each of the fronts, "there would be more than 100 census books to be seized."

"The calm during the first half of the year is explained in part by the fact that the FARC had to use many of its

members as census takers in the largest jurisdictions. To mention one example, we know that just two individuals, who worked for three months without being detected, took the census in the environs of Villavicencio."

* DANE Seeks Copy

94SM0104B Santa Fe de Bogota EL ESPECTADOR in Spanish 1 Nov 93 p 11A

[Article by Nelson Freddy Padilla C.: "DANE Asks for Guerrilla Census Results"]

[Text] The director of the DANE [National Administrative Department of Statistics], Rodolfo Uribe, has announced that he will approach the commander in chief of the Army, General Hernan Jose Guzman Rodriguez, with a request that he be given or be allowed to study the national population and housing census carried out by the FARC [Revolutionary Armed Forces of Colombia] during the first half of this year. The existence of this census and its contents were reported in EL ESPECTADOR yesterday.

After expressing surprise at the extensive nature of the data included in the census taken by the guerrilla movement on the rural and semiurban levels in the Llanos Orientales and Cundinamarca areas (the data confiscated to date), this official said that the partial information is valuable because beginning tomorrow, and continuing until 20 December, the government will be carrying out a similar operation throughout the national territory to complement the urban census taken last 24 October.

"This information will be useful to us, since once we have completed the census in the rural sector, it will be necessary to begin a farm inventory in the productive areas," he said.

"The data will be helpful to us for many reasons if we have it analyzed, at the very least, and even if we use it to compare and cross-check with the DANE figures. We are not so much interested in the names of the individuals covered by the guerrilla census as we are in the area covered by the survey, with a view to determining what problems exist," he added.

"The census they took is much more extensive and complicated, because it is a survey like those carried out by the Romans," he stated.

Uribe commented that the guerrilla movement can carry out a census operation much more easily than the DANE can. "They have a great deal more time than the single day allocated to our people. In addition, the people do not demand the results of their survey immediately after it has been completed."

However, he noted that "what is indeed clear is that these people did not undertake their census operation in order to determine and to meet the basic unsatisfied needs of the Colombian population, but rather in order to know who is who and what they have that can be taken from them."

Concerning the activity of the guerrilla force, he said that the authorities hope that with the help of the Army and the

police, the census can be carried out in the rural areas without public safety problems. This is a concern because many of the more distant regions are being subjected to pressure by the subversives.

"As of the present, we do not foresee any problems in carrying out the census in the guerrilla zones. The DANE is only interested in knowing that it has the support of the mayor, the civic and communal councils, and the community leaders, rather than knowing who is helping the guerrillas."

When asked if this might not lead to subversive infiltrations, he responded that it is very difficult to make that extensive an assessment of the work of census takers hired on the basis of competition.

"What I can indeed assure you of is that we will have the normal security provided by the Armed Forces," Uribe commented.

Paraguay

Agreement Reached With Argentina Over Pilcomayo River

PY0212162693 Asunción ABC COLOR in Spanish 2 Dec 93 p 13

[Excerpt] Paraguayan Foreign Minister Dr. Diogenes Martinez announced last night that total agreement has been reached with Argentina on the works to be carried out on the Pilcomayo River next year, right after the flood period that will begin within the next few days, in order to guarantee an equal distribution of normal and low water levels into both territories. After two days of busy diplomatic and technical negotiations to solve a bitter controversy on the use of the Pilcomayo River, the negotiations ended at the Foreign Ministry yesterday. Curiously enough, however, the final document was signed at the airport a few seconds before the Argentine delegation returned to their country.

During a news conference last night, the foreign minister emphasized that "equal distribution of the water" will be restored. He reported that the Argentine negotiators committed themselves to jointly construct a submerged sill in the river channel—the AZUD [expansion unknown] project proposed by our country—and to correct the Argentine diversion channel that was left unfinished when work stopped on 13 November.

With this new agreement, which was specifically drawn up on orders of the two governments and which will complement those already signed, Paraguay and Argentina hope to end a number of disagreements on the Pilcomayo River.

In the text of the agreement signed by engineer Luis Alberto Meyer, the Paraguayan Pilcomayo River Commission head, and engineer Julio Fosatti, the Argentine Pilcomayo River Commission head, Argentina admits that the transverse structure in the Argentine channel, "which was not finished and which was subsequently damaged by a

flood that prevented its completion, may not be completed because the Pilcomayo River high-water period has begun."

The agreement notes: "The desired goal of equally distributing the normal water level between the two territories before the flooding season was not achieved, even though 25 percent of the river's total volume of flow enters the Paraguayan channel (according to a calculation made on 19 November when 150 cubic meters per second were recorded)." [passage omitted]

Wasmosy Discusses Privatization Plans in Visit to Brazil

PY0212202093 *Asuncion ABC COLOR in Spanish*
2 Dec 93 p 6

[Text] Addressing a group of Brazilian entrepreneurs at the Libano Hotel in Sao Paulo, President Juan Carlos Wasmosy on 1 December said: "My administration's two concrete issues involve strengthening democracy to offer the benefits of all freedoms and transforming the economy to achieve growth and development." He promised that his administration would transfer state-owned enterprises to the private sector "if Congress permits."

President Wasmosy visited Sao Paulo, where he participated in a ceremony to deliver the "1993 Salesman" award to entrepreneur Rolin Adolfo Amaro, the president of Regional Transports, Inc. of Brazil. Among other speakers, Paraguayan President Wasmosy noted that his administration "will be engaged in two concrete issues." The first one involves "strengthening Paraguayan democracy to allow the benefits of all human, political, and social freedoms in the country. And the second one involves economic transformation for increased development and well-being."

Wasmosy emphasized that he would combat any form of a controlled, statist, corporate, and populist economy, which, in his opinion, "has caused so much damage to Latin Americans."

Wasmosy added: "Otherwise, we are defining the role to be played by the new state, strengthening it in its specific goals and allowing it to dedicate itself to discharge its untransferable duties, that is, education, health, justice, and the people's and their properties' security."

The chief executive pointed out that it is appropriate to create an atmosphere of free cooperation among public and private sectors, taking care of social aspects, the protection of the have-nots, and the protection of the environment.

Wasmosy noted: "I am absolutely sure that poverty is the worst enemy to be defeated in our countries. Nevertheless, I am also firmly convinced that we will not be able to eradicate poverty without placing emphasis on education and on a level of economic activity that will permit developing the dormant strength of the entrepreneurial sectors."

Moving on, the head of state emphasized that his administration would transfer to the private sector "state-owned

goods and services enterprises, if Congress permits." He stressed that the Paraguayan state will not become an unfair competitor for the private sector. Wasmosy said: "Quite the contrary, it will warrant and be responsible for an economic balance that will allow the economic agents to compete efficiently and grow in keeping with their ability and dedication."

Wasmosy discussed the fiscal policy pursued by the government. This policy involves abandoning a method aimed strictly at collecting taxes and implementing another method that favors investments to improve the supply of goods.

Peru

Power Outage Plunges Lima Into Darkness; Explosion Reported

PA0312040793 *Paris AFP in Spanish* 0256 GMT
3 Dec 93

[Text] Lima, 2 Dec (AFP)—A general power outage, the sixth in three days, which was apparently of criminal origin, left Lima in the dark Thursday night. The authorities reported that previous and sudden outages in Lima since last Tuesday were the product of technical problems in the Mantaro interconnection network, which supplies electricity to the capital and ten departments of the country. Shortly after tonight's "outage" began at 2058, however, a very strong explosion was heard in the downtown portion of the capital, according to many witnesses.

The outages are taking place as the birthday of imprisoned Shining Path leader Abimael Guzman approaches. He will be 59 on Friday. The Shining Path customarily commemorates its birthdays with attacks on Lima's power supply. Authorities, however, have denied the possibility that the earlier electrical outages were caused by Shining Path attacks.

Fujimori Calls for Unity To Face Country's Problems

PY0212223793 *Lima EXPRESO in Spanish* 20 Nov 93
p A2

[Text] On 19 November, President Alberto Fujimori called on all political, economic, and social groups in our country to unite in the search of solutions to the problems afflicting Peru.

The scenario was the inauguration of the 20th International Pacific Fair. The president talked about the country's development and modernization, stressing that the stated goal should deserve the interest and cooperation of all those with enough energy to help make it a reality.

"Wars and crises made us work for a nation. Centrifugal forces ruined our historic opportunities," Fujimori said during one of the most thoughtful parts of his speech.

His call for unity, according to the speech, is "to continue working against terrorism, to consolidate our country's

insertion into the international financial community, to achieve economic development, to implement an educational system that will transform and liberate men, to consolidate social emergency programs, and to fight corruption—small, medium, or large—unrelentingly and without limitations.”

Water and Oil

Sticking to his call for national unity, Fujimori made clear that his pronouncement cannot be taken “as a desire to mix water and oil.” In the end, he stressed, we do not need more debates but to join forces and start working together.

Fujimori said Peru’s development and modernization should deserve the interest and cooperation of all Peruvians. “The understanding should not mean a disorderly sum of veiled interests. We no longer need senseless, rhetorical, or demagogic debates on our national reality,” Fujimori said.

Political Parties

Asked if the call to unity was extended to political parties, Fujimori said: “All those interested in participating in a new Peru with a positive attitude are invited.”

Asked if the call was due to the fact that the referendum result was not as favorable as he had foreseen, Fujimori said he had been constantly calling on different groups, seeking their participation in different areas. “We are entering a very important stage following the approval of the new Constitution,” the president said.

Fujimori said the people clearly approved the new Constitution. We only are waiting for the official result to be released by the National Election Board (JNE), with which we have no disagreements, the president said.

Regarding the request for extraordinary powers to revise the country’s tax legislation, Fujimori said the authority was necessary to improve present tax collection levels.

The president said that in the past less than 1,000 taxpayers contributed 90 percent of total revenues, while at present 7,000 taxpayers contribute 55 percent of that total. This means the tax burden has dropped, the president said.

Regarding other economic issues, such as Peru’s possible participation in NAFTA, the president said that although we have not advanced enough, the government has taken positive steps. Fujimori added that the important thing is that the doors of the international market are open to enter and compete.

Regarding the Andean Pact, the president said there should be transition measures, adding, however, that the objective is to be part of this group of nations.

Opposition Presents Constitutional Reform Proposals

PY0312015893 Lima EXPRESO in Spanish 20 Nov 93 p A4

[Excerpts] Opposition parties on 19 November made public a letter addressed to CCD [Democratic Constituent

Congress] President Jaime Yoshiyama Tanaka proposing nine constitutional amendments.

The list of reform proposals include items on freedom of the press, free schooling, effective decentralization, the Judicial Branch, the state’s balance of power, border and jungle zones, agriculture, peasant communities, and social and economic rights.

The document also proposes changes in government policies, particularly in economic policies and supervision. [passage omitted]

The document was signed by the congressional bloc leaders of the Democratic Leftist Movement (MDI), the Popular Christian Party (PPC), the Democratic Coordinating Board (Code), Solidarity and Democracy (Sode), and the Independent Agrarian Movement (MIA).

It was reported that the Independent Moralization Front headed by Fernando Olivera will present another list of reform proposals on its own.

* Experts Differ on SL Ability To Function

* Granados Warns of ‘Hard-Line’ Faction

94WR0048Z Lima LA REPUBLICA in Spanish
2 Nov 93 pp 14-15

[Interview with anthropologist Manuel Jesus Granados by Angel Paez; place and date not given]

[Text] Ayacucho anthropologist Manuel Jesus Granados is the author of “The Peruvian Communist Party-Shining Path (SL) and Its Ideology,” one of the most comprehensive studies on this issue, and of the as yet unpublished “Political Conduct: A Case Study.” The latter book is a long-term study of the Shining Path at San Cristobal University in Huamanga from 1970 to 1981.

Granados, who witnessed firsthand the decisive years in the gestation and emergence of the armed struggle, made a personal decision not to express his views to the press three years ago. Because of the importance of Abimael Guzman’s letters, however, the scholar has made an exception in granting this interview.

[Paez] The so-called “Gonzalo Thought,” the ideology for which hundreds of Shining Path members have lost their lives and taken those of thousands of others, is, in your opinion, the driving force of the Shining Path. Has it been pulverized by Abimael Guzman’s capitulation?

[Granados] For people who have not had a great deal of ideological training, that is, people in the rank and file, Guzman’s capitulation will have a devastating effect. On the other hand, for cadres who have a solid ideology, the effects will be less pronounced. The problem lies in how to quantify these acts and their consequences for Shining Path (SL). Much depends on the attitude of the rank and file and the cadres.

[Paez] Do you think that, despite "President Gonzalo's" attitude, and given the characteristics of Shining Path ideology, there is a group that is willing to continue developing the war?

[Granados] Without a doubt. There will be some cadres. President Alberto Fujimori himself has said that there are two different Shining Path factions: the moderate ones who follow Guzman's line, and the hardliners. He has also said that the hardliners will continue to act. They are the cadres who have the best ideological training. And it is they who will continue with their popular war, even though it is doomed to failure by the captures that have led to the destruction of SL's military and political apparatus.

[Paez] What is the reasoning of these cadres that leads you to believe they will continue their terrorist actions?

[Granados] It is not possible to answer that question precisely. But what I can deduce, based on the studies I conducted earlier on Shining Path ideology, is that they are people with a very clearly defined political line. Guzman's letters, however, have really created a personal and collective conflict for them. Their cadres have good political training, but that is no guarantee of triumph or of invulnerability.

[Paez] Do you think these "well-trained cadres," as you call them, believe that Guzman's attitude does not invalidate Gonzalo Thought?

[Granados] Perhaps. Apparently, the latest actions call into question Abimael Guzman's leadership, in spite of the "personal subjection letters" in which they practically put their lives in President Gonzalo's hands. Refusing to accept his leadership does not in fact mean renouncing Gonzalo Thought.

[Paez] Do these cadres think that Gonzalo Thought has a life of its own, disconnected from Guzman's personal tribulations?

[Granados] One of the principles of the Marxist dialectic is that ideology does not depend on the decisions of an individual entity, a man, because it is the product of history. But now the Marxist dialectic has collapsed throughout the world, and the only group that has continued to adhere fanatically to that reasoning is Shining Path.

Rivers of Blood

[Paez] Is it true that these hardliners will remain committed to their task because their ideology tells them that the war is the product of the laws of history, and that it is not up to one man to decide whether to continue it?

[Granados] Indeed, they do think that. And they will cling to that Marxist principle to justify their position and to repudiate Abimael Guzman, which does not, I repeat, mean renouncing Gonzalo Thought.

[Paez] Are the hardliners, the Shining Path cadres, more dangerous than those on the other side?

[Granados] I think so; that is why they are hardliners, with all that entails. If they are not dismantled by the government's security forces, they may be capable of carrying out even more violent actions, with even more severity. It is a truism that the mortally wounded are the most dangerous. The psychological offensive that the government can launch, through the repentance law and other measures to be taken in the future, should play a fundamental role here.

[Paez] One of the things you predicted was that if Guzman were captured or killed, "others will take over implementing his thought and, if possible, developing it within the pre-established channels until his revolution triumphs." But you did not foresee any renunciation of the war, any peace negotiation. In that case, despite Guzman's capitulation, do you still think that others will carry out Gonzalo Thought?

[Granados] Very few thought that capitulation was a possibility, especially given the personality traits that Abimael Guzman supposedly had, as the leader of a movement as ferocious as SL. His attitude, as you can see, is causing great turmoil among Shining Path members, but I think there will be some who will continue developing his war and perpetrating terrorist actions.

[Paez] Admitting that this hard-line faction will continue waging war, is it not excessively optimistic to say that SL will have been destroyed by 1995?

[Granados] Since Abimael Guzman's capture, not only have we seen large numbers of cadres and Shining Path militants captured, we have also seen widespread surrenders. No terrorist movement in the world is capable of withstanding this kind of blow indefinitely, and SL is no exception. At the same time, however, terrorist actions have taken place all over the country. This means that there is still a certain capacity for coordination.

[Paez] Do you think that SL will overcome Guzman's capture and that the new leadership will embody Gonzalo Thought, or does a movement like SL need a personalized leadership?

[Granados] According to Marxist ideology, the disappearance of a leader does not mean defeat, just the search for a new leadership. The hardliners surely accept this reasoning. This is the new challenge facing the National Counterterrorism Directorate (Dincote) and the National Intelligence Service.

[Paez] A basic component of Shining Path ideology is death, death for the revolution, for Gonzalo Thought, a death that "purifies" Shining Path and "spreads the revolution," strengthens it. What do you think is the response of those Shining Path members who have killed a lot of people or whose orders have resulted in the deaths of their comrades?

[Granados] For the hardliners, obviously the principle that "you have to cross a river of blood to be purified" remains valid. That is why it is necessary to have a special law to differentiate Shining Path, because this organization has

several levels. To make sure the government's blows land accurately, there must be a differentiation among Shining Path factions.

[Paez] But are there Shining Path members who think they have to continue fighting until the moment of "purification" arrives?

[Granados] Yes, but the greatest problem the Shining Path will face is how to continue fighting if tomorrow or the next day one of their closest comrades will repent and compromise the organization by providing information. They will be acting in a climate of uncertainty. President Fujimori's antiterrorist strategy, which gave priority to intelligence work, paid off. The repentance law is constantly bearing fruit.

Successors

[Paez] Is SL capable of replacing Guzman?

[Granados] I do not have the necessary information to answer that question. The ones who know are Abimael Guzman himself, the National Intelligence Service, the Dincote, and, obviously, President Fujimori.

[Paez] Given the characteristics of Gonzalo Thought, one pillar of which is the principle of demonstrating invincibility through actions, do you think Guzman still has any influence on his organization now that he has capitulated?

[Granados] Only time will tell. If Guzman should order his followers to surrender, that will be the moment of truth for all the Shining Path. To go on or not to go on. To obey or not to obey. The magnitude of this dilemma can only be determined afterwards, or perhaps the antiterrorist agencies have already determined it, since they have shown that they really know what they are doing.

[Paez] Despite the capture and the letters, SL has continued to carry out coordinated actions in various parts of the country. Does this mean that the hardliners are in a position to continue waging their war?

[Granados] Yes, those hardliners who still believe that Guzman's letters and their presentation on television are a hoax, a lie, a fabrication; and that is why they are still going. The power outages and simultaneous attacks reveal that there is coordination and planning, and therefore that there are people who are thinking. Who are they? I do not know. It must be the hardliners.

[Paez] Do these recent actions amount to a repudiation of the negotiations Guzman has begun?

[Granados] Yes, apparently, the latest actions are the hardliners' way of expressing their rejection of Abimael Guzman's leadership.

[Paez] You say that the Shining Path views dialogue as capitulation, "being at the mercy of the enemy and gambling away the future of the people for whom they are struggling." Is Guzman therefore discredited as a valid interlocutor for negotiating with SL?

[Granados] Yes, he is discredited in the eyes of the hardliners in SL. I was surprised to see it when I read his letters. It was unthinkable. This has been the result of an impeccable job by the government. Now the ball is in the SL hardliners' court. They may continue with their attacks. The fanatical and recalcitrant ideological training they have had forces them to repudiate Guzman. They should be treated very carefully.

[Paez] In conclusion, do you think these SL hardliners, who have the ability to organize and coordinate, will take advantage of Guzman's capitulation to demonstrate that Gonzalo Thought is indestructible, and will continue with even more savage actions?

[Granados] Yes. That is why it is so important to destroy the cadres.

[Paez] Cadres willing to cross the river of blood?

[Granados] I think that after seeing Guzman on television, they are not very willing to cross that river of blood, but they will still cause death and destruction. I say that as an observer, not an analyst. I do not want to be insistent.

* Degregori Calls Guzman SL's 'Messiah'

94WR0048Y Lima LA REPUBLICA in Spanish
23 Oct 93 p 3

[Text] Buenos Aires, 22 Oct (EFE)—Peruvian anthropologist Carlos Ivan Degregori stated in Buenos Aires that Abimael Guzman's surrender is a triumph for Peruvian President Alberto Fujimori. Degregori does not believe that Shining Path (SL) can function without its leader.

The conference on Peru at the Cultural Center of the Iberoamerican Cooperation Institute (ICI) in the Argentine capital concluded Thursday with the lecture "Shining Path, Unknown Quantity," by the Shining Path expert Degregori.

Degregori began his lecture with a brief discussion of how the terrorist group was born. He explained that its roots go back to the 1960's, when the Maoist party Red Flag split up.

"In 1970 the faction headed by Abimael Guzman formed a minority group, primarily made up of intellectuals and students, which they called Shining Path."

But it was in the 1980's that SL began its armed struggle. On 19 April 1980, in his speech "We Are the Initiators," Guzman announced that it was time to take action, and that the time for debate was over.

The action involved three stages: the death cult (that is, the denial of individuality), the abolition of the ego, and the exaltation of the leader, who is no longer just a caudillo but a messiah.

In the 1980's, the intellectuals of the University of Ayacucho formed the backbone of SL.

"The first defeat for SL," commented Degregori, "came when major peasant groups entered alliances with the Armed Forces."

Referring to the documents issued by Abimael Guzman from jail, the expert declared that his surrender "is genuine, although he may have been subjected to some pressure."

"His tone of voice indicates that Guzman's words are really directed at his followers. And in the letter he says that SL rose up against an unjust system, which has now been overcome by the 'self-coup.' It is a tribute to the government, and it certainly was the product of negotiations," commented Degregori.

"There may have been pressure, but the fact is that Guzman is saying what he is saying, and I do not see a drugged man, I see the true leader," he added.

Abimael Guzman's messages have hit like a "bomb." "It is a very severe blow to the Shining Path. Now we will have to wait and see what happens, to find out whether the party can function without him, and how many Shining Path members will follow its orders," he added.

Degregori stated that SL "cannot function without Abimael Guzman."

Degregori's lecture marked the end of the conference on Peru, which lasted five days (not consecutive). There was also an exposition, a series of video showings, a presentation on the new Peruvian fiction, and lectures on Shining Path, contemporary Peruvian art, and the poetry of Peru.

The conference was organized by the ICI with the cooperation of the Peruvian Embassy in Argentina, and is part of the series of monographs devoted to a different Latin American country each year.

In the five-year history of the ICI Cultural Center in Buenos Aires, conferences have focused on Brazil, Chile, Uruguay, Paraguay, and Peru.

Uruguay

Lacalle Addresses Business Conference in Shanghai

PY0212162993 Montevideo Radio El Espectador
Network in Spanish 0000 GMT 2 Dec 93

[Text] President Luis Alberto Lacalle today inaugurated the first Sino-Uruguayan business conference in Shanghai. Within the framework of his tour of the PRC, Lacalle addressed the delegates, among them Chinese and Uruguayan authorities and businessmen who seek to increase bilateral trade. He said:

[Begin recording] On behalf of the Uruguayan Government, I invite you to listen to our businessmen since they will be proposing business opportunities and offers. I repeat, they will be proposing business opportunities and offers. Above all, I would like to earnestly urge you to cease to consider our country as a mere dot on a map, but to view

it as a major business opportunity to access the whole South American continent. [end recording]

Survey Examines Views on Current Economic Policies

PY0212222693

[Editorial Report] Montevideo EL OBSERVADOR ECONOMICO in Spanish on 24 November publishes on page 28 an unattributed 500-word article on the results of a survey conducted by the Public Opinion Data Bank between 19 and 29 October with 1,006 people in Montevideo and 12 of the 33 largest urban areas.

The article says 38 percent of those questioned said the country's current economic policy is bad, 12 percent said it is very bad, 36 percent said it is average, and only 13 percent said it is good.

However, the survey also shows that in October 50 percent think their personal situation is better than that of the country, 41 percent think their situation and the country's are about the same, and only 7 percent think the country is doing better than them.

The article says political considerations count a lot for Uruguayans when giving an opinion. Thus, those who think their situation is better than the country's is higher among opposition groups. A total of 56 percent of those who said the economic situation is bad belong to the opposition; 65 percent of them identify themselves with leftist parties, and 60 percent belong to the Broad Front opposition coalition.

Venezuela

Caldera Terms Watson Visit Example of U.S. Interest

PA0212154393 Caracas Venezolana de Television
Network in Spanish 2350 GMT 1 Dec 93

[From "The News" newscast]

[Text] Alexander Watson, U.S. assistant secretary of state for inter-American affairs, met for one and one-half hours with National Convergence presidential candidate Rafael Caldera. Caldera said they discussed the northern giant's confidence that the Venezuelan electoral process will be totally normal. Watson offered Caldera his support if he wins the elections.

[Begin Caldera recording] It is very significant that, perhaps for the first time, such a ranking State Department official has visited Venezuela or any Latin American country on the eve of an electoral process' culmination. I believe this visit is an attempt to prove, which it has done, that the United States is profoundly interested in Latin American democracy, specifically in Venezuelan democracy, and that it has faith in the democratic process. I, of course, only reaffirmed that faith. [end recording]

Velasquez Calls Clinton Letter 'Message of Confidence'*PA0212181193 Caracas Venezolana de Television Network in Spanish 1100 GMT 2 Dec 93*

[From "The News" newscast]

[Text] Prominence is given today to statements by Alexander Watson, U.S. assistant secretary of state for inter-American affairs, who has brought a message in favor of Venezuelan democracy.

This all refers to a message addressed to President Ramon J. Velasquez by President Clinton. EL UNIVERSAL highlights this information on its front page; it says: There will be no normal relations with a non-democratic Venezuela, the U.S. President warns. Clinton sent a letter to President Velasquez, which Watson delivered. My government will continue to work closely with whoever the Venezuelan people choose to head the next government, the U.S. President said.

Likewise, EL NACIONAL's front page carried a report whose headline read: The United States will not maintain relations with a non-democratic government. Clinton sends letter to Velasquez.

The newspaper 2001 carries a similar report but not as its main headline. It carries the report but in a separate box. It says: The United States supports Venezuelan democracy, the U.S. assistant secretary of state for inter-American affairs noted.

The newspaper ULTIMA NOTICIAS reports on this but includes President Velasquez' response to Clinton. Velasquez said: Venezuela is a sovereign nation and the Venezuelan people decide their destiny.

EL DIARIO DE CARACAS also includes a report that states: Clinton warned that a coup d'etat would cool relations between the United States and Venezuela. Watson delivered a letter to President Velasquez.

Our press department brings us the following report: In a letter sent to his counterpart Velasquez, U.S. President Bill Clinton warns that any interruption in the Venezuelan democratic process would further cool bilateral relations between the two nations.

Here is a report by Cecilia Pachano:

[Pachano] Watson delivered a letter from President Clinton to President Velasquez. The ranking U.S. official explained that his presence in our country is prompted by the fact that the United States is convinced of Venezuela's role as the leader of democracy on the continent and its privileged strategic position that integrates Venezuela to South America, the Caribbean, and Central America.

Watson explained the ideas expressed by President Clinton who, in his letter, after recognizing our country's efforts to reorganize the economy, implement political reforms, and prepare the path for the electoral process,

reiterated U.S. Government willingness to continue working closely with whoever is elected on Sunday's elections.

[Begin Watson recording] We fully trust in the Venezuelan people's wisdom and good sense to have free, clean, and honest elections. A new president will result from these elections, a president we want to cooperate with to forge a new world in the hemisphere. It is a world we believe has been opened to us with the approval of NAFTA. We have no preference in the elections. We are waiting for the results to see who we will be cooperating with in the coming years. We fully trust the Venezuelan democratic process. [end recording]

[Begin Velasquez recording] We are thankful for his interest. President Clinton's message, which will be made known to the media later, is a reaffirmation of democratic values and a message of respect for the country's sovereignty. It is also a message of confidence in the future of these nations. [end recording]

[Pachano] After this important meeting, President Velasquez went to the Institute of High Studies on National Defense where he gave a very interesting lecture to 52 members of the 53d Course on Advanced Studies on Security and National Defense. In this lecture, Velasquez analyzed the period of transition he has led and Venezuelan prospects in the next government term. During his masterful lecture, the president reiterated that the Venezuelan crisis is not a one-man crisis. He noted that to overcome it, we need the active participation of all the country's sectors.

AD Candidate Fermin on U.S., Elections*PA0212230193 Caracas Venezolana de Television Network in Spanish 1100 GMT 2 Dec 93*

[Interview with Claudio Fermin, Venezuelan Democratic Action, AD, presidential candidate, by Maripili Diaz Hernandez in the Venezolana de Television studios in Caracas; from the "Opinion" program—live]

[Excerpts] [Diaz] [Passage omitted] Today we saw some poll results. These results, and others we saw during the week, place you in fourth place. How do you match what you see in your rallies with these poll results?

[Fermin] The poll results are really surprising. A huge investment has been made based on those polls, a multi-million investment and I do not know what justification will be found for it on 6 December. I do not know how some people have placed their prestige, their name, at the service of manipulations for publicity purposes. [passage omitted]

[Diaz] Today's newspapers carry reports I would like to discuss with you. First there is the declaration that U.S. President Bill Clinton made through his under secretary of state and the letter he sent to Venezuelan President Ramon Velasquez saying that the United States would not support any non-democratic government. I would like to hear your opinion on this.

[Fermin] First let us talk about the essence of this matter. On 27 and 28 February 1989, Venezuela experienced a special situation. President Carlos Andres Perez had been in power only a few days when there was an outbreak of rebellion, anarchy, protests, and conflicts. Venezuela did not require tutelage from any major power to restore order or for the Venezuelans to understand that this was not the way to express dissent or unhappiness. The Venezuelans understood that there are other channels, channels that we have used for the past 34 years despite the fact that on 27 and 28 February we had a difficult moment, a regrettable moment of anarchy in the country. Venezuela needed no tutelage to resolve this matter.

Another thing that, in my opinion, has been very harmful to us is the 1992 events. The people here say that there were two coup d'etats, or this and that coup d'etat. This is a lie! There has been no coup in Venezuela. On 4 February and on 27 November 1992 there were two foiled coup attempts, and these coup attempts failed not only because civilian society—the media, the political parties, the church, the productive sectors, neighborhood associations, and cultural and sports sectors, the people—rejected the two attempts, but also because the great majority of the officers of the Armed Forces of Venezuela, 99 percent of them, categorically said no to those who wanted to take advantage of military power to direct the country's political life.

So, we have not had any coup d'etats, no. We had two foiled coup attempts. These foiled attempts have been given much notoriety. They have made the big news. Some have taken advantage of the election atmosphere to try to demonstrate that the government of Carlos Andres Perez was weak and they have used these resources as evidence that the entire country wanted to get rid of that government. What the people did, however, was tell the two coup attempts: No. Look at what happened in 1993, Maripili: Today is 2 December. The year is almost over. Rumors have been fabricated since 1 January. [passage omitted]

It happens that Venezuela has a normal political climate: All the political parties are currently promoting their candidates to the Senate, to the Chamber of Deputies, to the presidency. The media is offering us excellent opportunities. The people are at home thinking about how to vote. The country is a model of democratic life, and still some people talk about coups.

The representatives of the United States have unfortunately made a.... [pauses] I say unfortunately because the United States and Venezuela hold constructive and most important relations. Why important? Because that country is a market for our products, because they provide many products we use, because we both acknowledge the importance of democratic systems, because we are in the same hemisphere, because that country is a well-advanced technological center with which we want to maintain the best kind of relations. It is regrettable that they, too, make this kind of [word indistinct], that they believe they help Venezuela by doing this. I am sure that those who are doing this, do it, quote, in good faith, end quote. They

think they help us by making these tutelage-like and paternalistic declarations without seeing how much they are offending Venezuela.

[Diaz] I completely agree with you.

[Fermin] A sizable offense.

[Diaz] I believe President Clinton and the U.S. people have good intentions in this regard, but I believe they and the rest of the world must understand that Venezuela has a mature democracy, that we are not democratic children, that we are not beginners. The 1992 events demonstrated the democratic will of the Venezuelan people, the maturity of the Venezuelan people in getting through a process such as that of 1992.

[Fermin] That was unnecessary showing off. This thing about the United States declaring that it will maintain relations only with democratic countries.... [pauses] I hope they do not really believe that the people are dimwits.

[Diaz] Obviously.

[Fermin] The characteristic of the United States has been, quite the contrary, to maintain relations with any country in which it has commercial interests. They later justify why.

[Diaz] Obviously.

[Fermin] There is Saddam Husayn, with whom they just had a war. He is now pampered by the United States. Therefore, I do not get involved in U.S. problems and am more interested in the problems of my country. However, U.S. problems are very important because they deal with the entire world and the truth is that they have committed a serious error. They have unnecessarily offended Venezuela, which make Venezuelans reject that U.S. attitude. With those statements, they go back years insofar as the view of the people toward a friendly nation, such as the United States of America.

In any case, Venezuela has its own desire, the people will express their will as they please, and later other countries will decide whether they agree or not with what Venezuela has done. But Venezuelans, who are the ones who decide their own path, know that in the face of attempts.... [pauses] which, by the way, were very well prepared, with all the resources, they were flavored with a great spice of four years of a public opinion belief that tried to convince the country that this was a disposable, useless country, that we were all crooked individuals. Some tried to launch—and failed—a coup d'etat. Therefore, the United States should mind its own problems—they have many—and should get their society going, a society with many contradictions. They must not forget that this is a country that defends self-determination, that Venezuelans know how to follow our own path, and that the diplomatic corps is meant to build a good image for each country. They have adversely affected the U.S. image with such foolish statements.

[Diaz] By the way, referring to what we were saying prior to the poll, Legitima of the Production Team has passed me

a piece of paper on something you said. You said polls always protect themselves and mention the undecided factor. It says the undecided factor—that is exactly what you said—even at this point leave the door open for significant changes in the vote intention. In other words, a candidate who is capable of producing a strong impact of opinion may still receive the support of a large part of the electorate.

[Fermin] No, no, it is perfect. They prepare every alibi. They never lose.

[Diaz] This is more or less what you said before. Now I told you I wanted to talk to you about a series of reports that appear in today's press. One of those reports is the aforementioned statement by President Clinton, but there is also important internal news at the economic level, particularly two news items. These reports worry every individual who has a sense of what they mean. One says that accumulated inflation for November totalled 40.9 percent, and the other states that the interest rates went up or may go up to nearly 80 percent; inflation and interest rates. I think that this is a terrible problem the next president of the Republic will have to face. That is a problem that directly affects the basic needs of Venezuelans. Inflation reduces the purchasing power of our salaries, and the increase in interest rates prevents an individual or an industrialist from requesting credits to carry out investments, produce, expand his business, buy a home, buy a car. In other words, our possibilities are restricted. On one hand, we make less money, and on the other hand, we cannot go into debt because we cannot assume a credit with such high interest. Just think of a person who requests a 1-million-bolivars credit at 80 percent interest, one year from now he will have to pay 1.8 million bolivars. Practically, no one can do this.

I would like [to ask you] that based on these two reports that appeared in today's press—which are real—what would you do as president of the Republic to resolve these two specific problems affecting the average Venezuelan?

[Fermin] You have summarized a real and fundamental economic problem and a problem of mistrust, which is also real but we have built on this public belief. It was not possible that Venezuela grew economically this year. You just have to open the pages of any paper to perceive that animosity towards the country. That immense damage done to the country—simply to obtain votes, win a legislative seat, or close a political deal—by the white-collar agitators can be easily appreciated. Practically, if one arrives in the country on a weekend and one does not know the country, one feels like leaving and saying we are facing the apocalypse now. That is not Venezuela. That is a cartoon that the white-collar agitators have tried to make of their country for their own convenience.

Thus, the mistrust has tremendously contributed to augment economic errors and darken or nullify positive economic measures. That is why I believe we are obliged, Maripili, to undertake two urgent missions. We must do a national concentration government [gobierno de concentracion nacional], a government of joining our efforts, a

government in which we could moderate the artificial conflict. There are people who when you say white they say black or if you say tall they say short, because they have the old belief that the policy is to capitalize on what you do in the government or capitalize on the mistakes of those in the government who do not do anything or do something wrong.

Thus, under this primitive conception of what politics is all about, the country starts losing confidence, begins losing ground. The investors' biggest enemy is a lack of confidence. How many people have stopped their investments this year? Even the government has made the mistake of stopping the privatization processes; a truly self-defeating move. We cannot prosper this way, that is why I am convinced that the key to return our confidence—a key that can mollify, annul, diminish the artificial conflict that may have a political or other motive, but different from the economic—is a government of unity, a government of concentration.

What does that government of concentration do with the inflation? What it must do is resolve the fiscal deficit. Venezuela will have no future—I speak of Venezuela, not of any candidate or party—Venezuela will not have, and I regret being so drastic, a real future if we fail to understand that the fiscal deficit is the bottleneck. There are people here acting with demagoguery, people who try to fool television viewers, people who have tried to tell Venezuelans that if tomorrow we hang 100 of the most corrupt.... [pauses] I have no doubt that we must punish them, that we must corner and penalize them. There are persons who would like to make you believe that if this happened tomorrow, the following day hospitals would function, there would be quality education, and we would have investments and jobs. That is simple-minded and shameless reasoning. The development process is much more complex.

We need to end the fiscal deficit and to do so we need to increase income and decrease public spending. How can we decrease public spending? We need to do away with state liabilities. We need to modify laws having to do with social benefits. It is criminal the way it stands now. First of all it is of no use to workers. What use is it to the worker that he be given 700,000 bolivares in 20 years? Why can't he receive it every year? Or why not give the worker a decent wage? How can people live on 10,000 bolivares? Why would anyone want 500,000 bolivares in 20 years? What people want is to earn 20,000 bolivares today for 20 years instead of the 10,000 they are now earning and to receive benefits every day.

If we modify the benefit regime we will greatly reduce liabilities, but we will also be giving people much more money to increase demands. If demands increase so will production....

[Diaz, interrupting] But wouldn't this increase inflation due to greater liquidity followed by increased demand?

[Fermin] What causes inflation is when people have greater liquidity, but production does not increase. When

production is scarce, a country's productivity is low, or supplies are few, he who has the supplies can charge whatever he or she likes knowing that everyone can pay. If we increase the demand, if we increase production.... [pauses] there is insufficient production of goods in Venezuela.

[Diaz] In other words increase supply.

[Fermin] It is the only way. What do people want money for? If you do not increase supply, Maripili, why would a worker want 20,000 as take home pay instead of 10,000? What good does it do if he is unable to find tomatoes, pants, housing? What good is the salary increase? The sensible thing to do is to increase Venezuela's income and reduce inefficient spending. We must realize that we need to reduce liabilities and to do this we must modify the benefits regime. This is the first thing that needs to be done. Without this there is no future for Venezuela. Secondly, we need to modify this bean brain [macrocefalia] state that wants to own everything. The state owns hotels, airlines, sugar cane centers, shops at the airports, and tree nail [cabilla] factories. The hospitals, though, have no medicines, schools have no desks, there are no sewer systems in poor neighborhoods. Thus the state, due to a false conception, believes that to be in every business means you are strong; No! Strong means to dedicate oneself with excellence and efficiently do the work the state is supposed to do; take care of the peoples' true needs—housing, nutrition, security, health, education, culture, sports—and let the private sector produce goods.

A few days ago someone said to me, Mr. Fermin, you are sort of right wing. I asked why? The reply was that I give such importance to the private sector. I then asked, do you have any children? Yes, he is a chemical engineer, was the reply. If the state contracts your son's services, is this wrong? No, he replied. Then your son, the independent professional, works for the private sector. The independent professional belongs to the private sector, small- and medium-sized businesses belong to the private sector, saving banks belong to the private sector, so are the unions. This also holds true for local and foreign capital, both small and large.

If there are people who can lay down the money and technology, why should the state spend this when instead it should spend it on health, education, and security? I must emphasize, and I thank you very much for this reflection that you have turned into a question: If Venezuela increases its income, reduces this inefficient public spending—this senseless plan we have, a recipe for disaster—Venezuela will have a future. This cannot be done by the president on his own. The day the president begins to do this, other politicians, in a foolish but criminal game for Venezuela, will begin to capitalize on the unhappiness these measures may cause. Or they may begin confusing people, and even if the measures are good, they will make the people believe they are bad. That is why trust is so necessary. Serious harm has been done by this war of headlines, insults. Aside from the information service the media give, the commercial competition between each other has been very harmful.

[Diaz] Claudio, before the break we were discussing economic issues, primarily, and you spoke of the importance of generating a climate of confidence in the country to improve the economy. I would like to delve a little further into that subject. Sometimes I am concerned over the unspecific nature of the news media's responsibility. I believe that when we are here [on television] or when we write an article for a newspaper or talk on the radio and so forth, we are not only doing our daily jobs; we have a vital responsibility toward the people who are behind the cameras and toward the public which reads newspapers. I somehow feel that journalists can contribute to improving or worsening the climate in our country. I would like you to discuss the issue of confidence, the news media's participation, and the participation of the sectors who generate public opinion. Many people make statements that are newsworthy and then blame reporters for publishing them. The sectors that generate public opinion should be held responsible for their statements.

[Fermin] You have expressed it exactly as it is. I have never mentioned the word blame. I never used the verb to blame. I simply spoke of the way the country is presented and the news media, of course, are the presenters. I used words which, perhaps, were even harsher; I described the news media as useful idiots. They present, without noticing it, an entire tome of assertions that have nothing to do with Venezuela.

I wonder how much damage was done to investments in Venezuela by a certain front-page report that proved very entertaining, of course, to our political leaders. As you might recall, when it was reported that former Presidents Perez and Lusinchi were involved in the car bomb attacks at the CCT [Tamanaco Shopping Center], every political leader made statements in order to appear on the front page of a newspaper. They all filed past the microphones and appeared on front pages. When it was discovered that it was a lie, none of them even paid a 10-bolivar ad to recant what he said, or to say: I was mistaken.

[Diaz] [Laughs softly]

[Fermin] How did that look to Japanese or German investors interested in building a factory or investing \$100 million in some Venezuelan industry that would generate jobs? They might think: If the presidents in that country behave that way, I wonder how government employees from whom I would have to request a permit would behave? I better invest in another country.

Therefore, very severe damage has been done to Venezuela but this damage has been confused with the little everyday trick of pulling each other by the coattails to slow the other person down and gain ground. I believe we have a huge responsibility. When a presidential candidate, political leader, or business leader—who as you rightly say are the ones who generate news—stands before these cameras, which is such a delicate thing to do, and unleashes 40,000 insults and offenses, and then at the end of the program says: I am going to promote foreign investment, I have to ask myself what is going on. They tell the people that the sofa is dirty, the floor is full of carrion, there are vicious

dogs inside, the house is crumbling, there is no water in the bathroom, and then invite those same people to their home. That is so contradictory, so paradoxical, that it has no head or tail.

Therefore, I insist, we must build people's confidence in Venezuela. We must begin by making the world understand that all Venezuelans stand together as one man with a common plan and that every Venezuelan wants to grow economically, generate jobs, have access to education that will prepare citizens for jobs, have better services. [The world must understand] that we are not interested in having the money that enters the country from the sale of oil squandered on a bureaucracy that generates nothing or on inefficient spending. When the world perceives us as united—and a great effort need not be made to accomplish this, it simply requires the installation of a government of understanding—investments will come. They will not come because we prepare pamphlets describing the steps foreign investors must follow. Organizational manuals and economic regulations will not generate investments if the country is not attractive to investors. That is essential.

Many people may be asking but what does this Mr. Fermin have to do with investors now? Well, those of you who are unemployed need to work. The government can no longer invest in employment; it never should have. It must invest in the health and education of your children, for the sewage in your neighborhoods, for your family's security, for sports in your sector or neighborhood and for your community's nourishment. These are the investments the government must make, and private investors should establish the industries, factories, and shops where you will work. This is why it is important to instill confidence in investors; otherwise they will think: I am going to get into trouble by hiring 30 employees, purchasing a machine, requesting a loan; I had better save my 100 million bolivares and earn interest on them. This is the great drama we are experiencing. [passage omitted]

DIM Reportedly Foils Election Sabotage Plot

*PA0212162793 Madrid EFE in Spanish 1443 GNT
2 Dec 93*

[Text] Caracas, 2 Dec (EFE)—The Directorate of Military Intelligence [DIM] said today that it has broken up plans to sabotage the elections. The plot was apparently headed by an Army general allegedly linked to the 4 February and 27 November 1992 coup leaders.

According to the DIM report, retired General Carlos Santiago Ramirez is suspected of heading the conspiracy. He is the former Armed Forces inspector general and there is an ongoing search for him throughout the country. The alleged conspirators had planned to disrupt public order today and cause chaos so as to provoke a military intervention that would prevent Sunday's presidential elections. DIM also implicated retired General Alberto Muller Rojas, who publicly denied the accusation and defined himself as a "full-fledged democrat."

Muller Rojas, candidate for senator for the Radical Cause Party, said that the DIM report is a maneuver by Defense

Minister Vice Admiral Radames Munoz Leon to harm his party and candidacy. "The minister of defense is a clown," the retired general said and added that the conspiracy report is part of the "dirty war" being waged against the Radical Cause Party and its presidential candidate, Andres Velasquez, who according to the polls, has a possibility of winning.

The DIM report states that for months they have had Santiago Ramirez under surveillance. Presumably he sought support within the Armed Forces for a coup d'etat. The report also indicates that there were civilians and members of the military linked to destabilizing groups. According to the DIM, the group plan included the release of Lieutenant Colonel Hugo Chavez, who headed the 4 February coup attempt and who is currently in a jail near Caracas.

Although DIM did not report any arrests, it has been learned that it made raids in Caracas and several other cities, in search of Ramirez and other suspects.

Armed Forces Implement Plan To Protect Elections

*PA0312021893 Madrid EFE in Spanish 1746 GMT
2 Dec 93*

[Text] Caracas, 2 Dec (EFE)—The National Armed Forces [FAN] today began a virtual militarization of the country 48 hours before the presidential elections, as part of the "Republic Plan" to surveil and protect the electoral process. Soldiers participating in the plan began to hand out electoral materials to the 8,342 polling centers that will be working all over Venezuela. In addition to being in charge of providing security for the electoral material before and after the voting, the FAN will be in charge of guarding the Supreme Electoral Council [CSE].

Soldiers have had to assume civil responsibilities because of the political crisis Venezuela is experiencing, a crisis that had its worst moments during two coup attempts in 1992. Approximately 100,000 FAN soldiers will be on maximum alert at their garrisons, overseeing the main channels of communications and the borders with Colombia, Brazil, and French Guiana.

Defense Minister Vice Admiral Radames Munoz Leon said the FAN will do everything within its power to see that the "Republic Plan" creates the least amount of inconvenience to citizens.

Approximately 10 million Venezuelans 18 and older will be able to vote on Sunday, 5 December, to elect from a field of 17 candidates the eighth constitutional president in 35 years of democratic rule.

Compounding the difficult political situation the country is experiencing is the Directorate of Military Intelligence's discovery of a conspiracy by retired soldiers to sabotage the electoral process. In addition, some presidential candidates have warned that they are ready to ask their followers to take to the streets if there is any attempt at fraud.

Munoz Leon noted his confidence that the Venezuelan people will do their constitutional duty of voting and not fall for provocations by "groups of misfits," although he indicated that the FAN does not rule out repressive measures if circumstances demand it. One of the measures taken by the military that is without precedent in the electoral processes consists of hooking up the Defense Ministry's Strategic Information Center to the CSE computer system to be up to date on every step of the vote count. In view of the suspicions this measure has prompted in some political sectors, Munoz Leon noted the decision "has nothing absurd or mysterious about it." The police corps are also participating in the "Republic Plan". They will assume surveillance duties, basically in areas near low-income neighborhoods.

Minister Dismisses Before Elections Coup Possibility

PA0312054193 Madrid EFE in Spanish 0059 GMT
3 Dec 93

[Text] Caracas, 2 Dec (EFE)—The Venezuelan Government announced today that it has total control of the situation in the country and is quite capable of quelling any coupist attempts. Interior Minister Carlos Delgado calmed citizens and denied that any attempt to disrupt the constitutional system will occur before Sunday's presidential elections. Delgado admitted, however, that "one can never rule out the possibility that some crazed or demented person may fire a shot."

Regarding the wave of wild rumors about an imminent coup d'etat or sabotage actions, Delgado said that such claims are baseless and that their only objective is to confuse the people. Delgado said: "There are ill-willed people who engage in flattering the military and spreading all types of rumors that maintain the coupist mythology. They do this to confuse and create fear among the people, but such purposes have failed because we have total control of the situation."

The minister did not expand on his comments regarding a coup that was thwarted this week by the Directorate of Military Intelligence (DIM), nor did he say whether Carlos Santiago Ramirez, a retired general and alleged head of the coup, had been arrested by the security corps.

Delgado also noted the possibility that some candidates may proclaim themselves the winners on Sunday before the Supreme Electoral Council (CSE) releases the official results and that supporters of such candidates may engage in confrontations in the streets. The minister recalled that the party leaders who are participating in the elections have an obligation to respect the rules of the game. Consequently, no one should proclaim victory before the CSE announces the results, he said.

Delgado said no matter what, "The government and Armed Forces steadfastly will support any candidate proclaimed by the CSE and no one else."

Foreign Minister on Pre-Election Atmosphere

PA0312004693 Caracas EL NACIONAL in Spanish
29 Nov 93 p D-4

[Report on interview with Foreign Minister General Fernando Ochoa Antich by Javier Ignacio Mayorca on 27 November; place not given]

[Text] "Unfortunately, the same officers who won a political victory on 4 February made a mistake by persisting in their effort to seek a violent solution, which led to the events of 27 November. Then they lost their edge. Not only because they bombed Caracas, but because they misinterpreted the mood in Venezuela. The Armed Forces now faces the challenge of interpreting what the country wants. This is their only choice, so as not to put their existence at risk."

Such was the opportune preamble, one year after 27 November, used by General Fernando Ochoa Antich, ex-defense minister and now foreign minister of the Republic, in an interview granted to EL NACIONAL.

He believes that the democratic reaffirmation ceremony at Miraflores Palace on 23 November boosted support for the Velasquez administration.

[Ochoa Antich] President Velasquez issued an appeal and the Venezuelan political and social sectors responded, which is very meaningful. The national leadership accepted this, thus showing the president's convocatory power. When Velasquez rose to give his speech the leaders applauded, thus lending him moral support. Attendance by the candidates constituted another significant factor, giving Velasquez a particular strength that enables him to play a pivotal role on election day.

"This government's main goal is to hold the elections, and I believe we are accomplishing it. However, the exercise of power takes its toll, and this has affected President Velasquez. The support Velasquez received during the ceremony for the reaffirmation of democracy, however, gives him strength and stability. It is worth mentioning that he has reiterated many times that he is the commander in chief of the National Armed Forces [FAN] and that if any disturbances occur over the electoral results, the FAN will not act independently. The FAN is subordinate to civilian power, and orders are issued by the president."

Respecting the Rules of the Electoral Process

[Mayorca] It can be assumed that the results will basically reflect the votes received by the four main presidential candidates plus the percentage of people who do not vote. The outcome may be close. For instance, how do you think the FAN will react if absenteeism is higher than the percentage obtained by any of the candidates?

[Ochoa Antich] That will not make the process less legal or legitimate. I know there are some who have waved this argument around. The Venezuelan constitutional government is based on a simple majority. We cannot accept the advantages of the Constitution in some situations and reject them in others. The country used these advantages to oust former President Perez. In addition, all candidates have

accepted the established rules of the game. This is why they are participating in the election and cannot argue once the election is over that votes for them were tampered with.

[Mayorca] They are saying that already.

[Ochoa Antich] No. They agreed to participate in the election under those conditions. They know that as political parties they must protect their votes at the tables, because if they do not, there might be irregularities, which is natural.

Ochoa Antich clarified that even if there are irregularities, those candidates with complaints can submit them to the courts. To illustrate his point, he cited the Sucre and Barinas case, where elections were held again and the victory went to those who had taken their complaints to the courts.

Political Crisis Hindered Success of Economic Package

[Mayorca] Would FAN members be willing to accept the victory of candidates from either extreme who fully support or oppose the basic points of the economic package?

[Ochoa Antich] The problem is that the economic package has affected important middle class sectors, and members of the FAN are basically middle class. The problem is that because of the political crisis a sacrifice was required but yielded no results. In countries like Argentina and Chile, neoliberal measures were implemented and inflation was controlled. In Venezuela, the political crisis and the failure to approve a group of laws resulted in a fruitless sacrifice. This is why the "package" is viewed with great suspicion. I believe the new president will face a very complicated economic situation and will have to take measures but always considering the social repercussions of what he is doing.

[Mayorca] Have the people been told this during the electoral campaign?

[Ochoa Antich] The future leaders will have to come up with a broad message for Venezuelans, if they want them to agree to further sacrifice without the benefit of immediate results.

[Mayorca] This electoral campaign represented an opportunity for that broad message to set in. Have the people been warned that new measures will be required?

[Ochoa Antich] There will be new sacrifices, but they should be distributed fairly and in conjunction with the state's moral leadership. Major changes are being suggested, and we must implement them. Venezuela needs them. We are in transition. Venezuelans do not want an authoritative government but a more decent, participative, and efficient democracy.

Weapons Scandal Has Been Poorly Handled

On another subject, Ochoa Antich believes that the argument surrounding the scandal prompted by the weapons Alvarez Bracamonte stole from Fort Tiuna over a year ago is very delicate.

[Ochoa Antich] I have no details about what kind of evidence there is against anyone. I do believe that Bracamonte's news conference was inappropriate. An officer who is imprisoned and submits an accusation to a military court should not be seeking that kind of publicity because it disrupts the political panorama.

[Mayorca] Then the accusation is political?

[Ochoa Antich] I have no way of knowing that, but the impropriety of the news conference is evinced in the personal incident between the defense minister and Pablo Medina. It would have been better to keep the matter private and once the investigation had gained momentum, to go to Congress to set the constitutional mechanisms in motion and obtain the arrest warrants. The legal problem has been handled poorly because it is unfair to question someone's honor publicly before a definitive sentence is issued. This neglect often occurs because the judges and even the media are not reserved enough.

[Mayorca] Minister, the media does not have to be reserved. Anyhow, there are letters involved in this case.

[Ochoa Antich] Well, the media repeats what it sees. If letters are made available, you must publish them. What I believe is absurd is the fact that those letters were made available.

Says No Chance of Fraud

PA0212143493 Caracas EL GLOBO in Spanish
1 Dec 93 p 4

[Report by Luz Mely Reyes]

[Text] According to Foreign Minister Fernando Ochoa Antich, the system the Supreme Electoral Council [CSE] has implemented for the 5 December election is completely secure, thus there should be no possibility of fraud. "This is a very organized and highly technical system. That is why there is no real threat of fraud," he said. He also said that there is enormous international interest in the Venezuelan election process as evidenced by the number of reporters who have presented their credentials to cover the day's events.

He pointed out that the presence of a large majority of the ambassadors serving in Venezuela at the CSE yesterday is an expression of the diplomatic corps' moral support for the council members, who must "direct the process." He also affirmed that "the Armed Forces have shown their unanimous democratic sense, which they will confirm next Sunday." He concluded by expressing his conviction that the losing candidates "will be dignified enough to recognize the results with no problem whatsoever, thus demonstrating our civil nature to the whole world."

Yesterday morning a large group of diplomats serving in our country visited the CSE, where they received a briefing on the 5 December election. The ambassadors from various countries heard impromptu lectures by CSE President Isidro Morales Paul, System Director Roberto Chang Mora, and Lastenia Robles [not further identified]. Each of them described the many characteristics of the event in which all Venezuela will participate on 5 December. They explained everything from how to vote to the tallying process.

Isidro Morales Paul recognized that there were several cases of fraud during last year's election but that it was not widespread. This time he has taken certain preventive measures to avoid such incidents. One such measure was the reform of several articles of the electoral laws, and another is the implementation of computer technology to speed the tallying process and ensure the veracity of the entire process.

Carabobo Police Return to Work Following Labor Dispute

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[Text] In a meeting with the state's top military command, Carabobo Governor Enrique Salas referred to the rebellion of some 80 state policemen noting that the officers decided to change their attitude and return to work immediately. Thus the 24-hour labor conflict with the regional government has ended. The officers wanted the government to issue the single bonus payment owed to them.

[Begin Salas recording] They agreed to deliver their weapons and vehicles and return to their corresponding command. We guaranteed that there will be no ill-treatment or abuses against them or their families. We gave them this guarantee although good treatment is customary, anyway. Clear instructions were given to the police commander. [end recording]